

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

U.S. BANK NATIONAL ASSOCIATION, a national association, as securities intermediary for LIMA ACQUISITION LP,))
	Plaintiff,) ECF Case
))
vs.)	Case No. 12-CIV-6811(CM)(JCF)
))
PHL VARIABLE INSURANCE COMPANY, a Connecticut corporation,))
	Defendant.)
))
))
U.S. BANK NATIONAL ASSOCIATION, a national association, as securities intermediary,)	ECF Case
))
	Plaintiff,) Case No. 13-CIV-1580(CM)(JCF)
))
vs.))
))
PHL VARIABLE INSURANCE COMPANY,))
))
	Defendant.)
))

DECLARATION OF MARK J. BROWNE

MARK J. BROWNE declares pursuant to 28 U.S.C. § 1746:

1. I was retained by counsel for plaintiff, U.S. Bank National Association, as securities intermediary for Lima Acquisition LP (“U.S. Bank”) to serve as an expert witness in the above-captioned cases.
2. I submit this declaration in support of U.S. Bank’s opposition to defendant PHL Variable Insurance Company’s motion for summary judgment in these cases. Attached hereto as Exhibit A is a true and correct copy of the Expert Report dated October 4, 2013 that I prepared and signed in these cases. Exhibit A accurately sets forth my opinions and calculations as described therein.

I declare under penalty of perjury that the foregoing is true and correct. Executed on
January 7, 2014.

Respectfully submitted,



Mark J. Browne

Exhibit A

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

U.S. BANK NATIONAL ASSOCIATION,
a national association, as intermediary for
LIMA ACQUISITION LP,
Plaintiff,
v.

PHL VARIABLE INSURANCE
COMPANY, a Connecticut corporation,
Defendant.

Case No. 1:12-cv-06811 (CM)(JCF)

U.S. BANK NATIONAL ASSOCIATION,
as securities intermediary,
Plaintiff,
v.

PHL VARIABLE INSURANCE
COMPANY,
Defendant.

Case No. 1:13-cv-01580 (CM)(JCF)

EXPERT REPORT OF MARK BROWNE, Ph.D.

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I. Qualifications

1. I am the Robert Clements Distinguished Chair in Risk Management and Insurance at St. John's University, where I teach courses related to risk management and insurance and am the chair of the faculty of the School of Risk Management of the Tobin College of Business. Prior to that, I held the Gerald D. Stephens CPCU Chair in Risk Management and Insurance at the Wisconsin School of Business and was the chair of the school's Department of Actuarial Science, Risk Management, and Insurance. At the Wisconsin School of Business, I taught courses in risk management, employee benefits, and health insurance. I have received the American Risk and Insurance Association Award for Teaching Excellence, the Beta Gamma Sigma Dean's Award for Teaching Excellence, and the Lawrence J. Larson Excellence in Teaching Award from the Wisconsin School of Business. I received a B.S. in economics, M.A. with a focus in risk management and insurance, and Ph.D. in applied economics with a focus on risk management and insurance from the University of Pennsylvania.
2. My academic research has examined a number of issues in risk management and insurance, including adverse selection in health insurance markets, the demand for property and liability insurance, the insurance underwriting cycle, insurer insolvencies, health insurance underwriting, and the demand for flood insurance. My research has appeared in the *Journal of Risk and Insurance*, the *Journal of Insurance Regulation*, the *CPCU Journal, Inquiry*, the *Journal of Risk and Uncertainty*, the *Geneva Papers on Risk and Insurance Theory*, the *North American Actuarial Journal*, and the *Journal of Legal Studies*. I am an associate editor of the *Journal of Risk and Insurance*. I have been awarded the Shin Award for Research Excellence by the International Insurance Society three times. I am a past president of both the American Risk and Insurance Association and the Risk Theory Society.

3. I have provided expert testimony on issues related to insurance and risk management. I have also testified before the U.S. Senate Committee on Banking, Housing, and Urban Affairs on the future of the National Flood Insurance Program. A copy of my curriculum vitae and a list of prior testimony over the past four years are attached hereto as Exhibit 1.

II. Assignment

4. I have been retained by counsel for plaintiff, U.S. Bank National Association, as securities intermediary for Lima Acquisition LP (“U.S. Bank” or “the Bank” or “Plaintiff”), to offer opinions on issues relating to 33 insurance contracts at issue in two separate actions: *U.S. Bank National Association v. PHL Variable Insurance Company*, Case No. 1:12-cv-06811 (S.D.N.Y.) (“PHL I”) and *U.S. Bank National Association v. PHL Variable Insurance Company*, Case No. 1:13-cv-01580 (S.D.N.Y.) (“PHL II”). Specifically, Plaintiff’s counsel has asked me to:

- Describe the economic principles underlying universal life (“UL”) insurance that distinguish it from other forms of life insurance, and identify whether the contractual language associated with the 33 policies at issue was consistent with these economic principles.
- Assess whether the 33 policies at issue experienced increases in the cost of insurance rate (“COI rate”) in 2010 or 2011 and whether these rate increases were consistent with the economic principles embedded in the contractual language associated with the 33 policies at issue.
- Assess whether U.S. Bank incurred economic losses as a result of any increases in the COI rate in 2010 or 2011 and estimate the amount of the loss (if any) for each of the policies at issue. Specifically, I was asked to estimate the decline in policy value to policy owners as of the date of the COI rate increases caused by 2010 and 2011 COI rate increases and to estimate the damages suffered by Plaintiff in the form of excess premium payments made from October 21, 2010, to date necessitated by the improper 2010 and 2011 COI rate increase.

5. In forming my opinions, I have relied on my knowledge, prior experience, academic research on relevant topics, and formal training in risk management and insurance, economics, and statistics. In performing my analyses, I have examined a variety of materials. The documents I considered in forming my opinions are cited below and/or listed in Exhibit 2.

6. I am being compensated at my hourly rate of \$600. My compensation is not contingent upon the conclusions I reach or on the outcome of this matter.

III. Summary of Opinions

7. Below is a brief summary of my preliminary findings in this matter. The bases for each finding are detailed in the sections that follow. My work in this matter is ongoing, and I reserve the right to supplement my current analysis if additional information becomes available.

- The economics underlying UL insurance policies is such that policy owners, and not the insurers, have discretion in determining the timing and magnitude of premium payments within limits specified in the policy. This flexibility affords policy owners the ability to effectively administer their own policies to meet their individual financial needs. If the insurer charges policy owners for exercising their economic right to determine the timing and level of premium payments in a manner consistent with what is described in the contract, the value of the policy decreases for the policy owner. Effectively, if a policy owner has an option to determine the timing and level of premium payments, and either that option is taken away or the terms of exercising that option are reneged upon, the option is no longer as valuable to the owner. In other words, for an in-force UL policy, if an insurer were permitted to increase charges (i.e., cost of insurance rates) based on a policy owner exercising his or her flexibility in premium payments, such an increase would diminish the value of the policy without compensating the policy owner.
- The policies at issue expressly provided that policy owners could exercise their discretion in determining the timing and level of premium payments. These policies contained explicit contractual language identifying the manner in which this premium flexibility was limited.
- Pursuant to the letters sent by PHL Variable Insurance Company (together with its affiliate Phoenix Life Insurance Company, “Phoenix”), Phoenix increased the COI rate assessed in computing the monthly COI charges for the policies at issue. Thirty out of the 33 policies at issue experienced a COI rate increase announced in 2010,

which became effective for those policies sometime in 2010 or early 2011. Two out of the 33 policies at issue experienced a COI rate increase announced in 2011, which became effective for those policies sometime in 2012. The effective date of these 2010 and 2011 COI rate increases varied by policy depending on the anniversary date of the policy.

- The 2010 increase in the COI rates was economically inconsistent with the terms of the policies and resulted in the non-uniform and discriminatory treatment of policy owners who had decided to exercise their right to minimally fund their policies. Before the 2010 rate increase, COI rates were the same for all policy owners that shared certain characteristics, but the new and complex formula meant that after the rate increase, policy owners with shared characteristics, but who had made different funding choices, experienced different COI rates.
- The 2011 increase in the COI rates was also economically inconsistent with the terms of the policy and resulted in discriminatory treatment of policy owners who had decided to exercise their economic right to minimally fund their policies. Whereas prior to this rate increase, COI rates were the same for all policy owners who shared certain characteristics, Phoenix now used policy funding—specifically, minimum funding—to determine which subgroups of policy owners would be subject to the 2011 rate increase.
- As a result of the improper imposition of the rate increases, Phoenix unilaterally determined to usurp the value of the benefit of premium flexibility from policy owners. As of the date of this report, this decline in value plus prejudgment interest of 9% is reliably estimated to be between \$10.6 million and \$13.7 million.
- As a result of the improper imposition of the rate increases, U.S. Bank has made additional premium payments to date that it would not have made had the rate increase not occurred. To date, U.S. Bank has paid more than \$3.2 million in additional payments than it would have made had the improper rate increases not been applied, including prejudgment interest that has accrued on these overpayments.

IV. Background Information Relating to the Parties and Policies at Issue

8. Lima Acquisition LP (“Lima”) is a limited partnership whose general partner, Lima LS plc, purchased the 33 policies at issue through its acquisition of five limited liability companies from Pacifica Group LLC on or around December 2010.¹ The policies are now held by U.S.

¹ Unit Purchase Agreement between Pacifica Group LLC and Lima LS PLC, dated as of November 10, 2010, and Schedule 1 to the Unit Purchase Agreement (USBCOI184454-816).

Bank, a national banking association.² These policies were originally issued by defendant PHL Variable Insurance Company, a life insurance company offering variable and fixed annuity and non-participating life insurance products.³

9. Exhibit 3 provides a summary of information pertaining to these policies. Of the 33 policies, I understand that 21 are on policy form U606 and are referred to by Phoenix internally as PAUL II policies.⁴ The remaining 12 policies are on policy form 05PAUL and are referred to by Phoenix internally as PAUL III policies.⁵ Each of the policies is a universal life insurance policy with a face amount, generally referred to as the death benefit, equal to or in excess of \$2 million. The policies generally insured lives that were greater than 70 years of age at the time of policy issuance.⁶

² PHL I Complaint, ¶9, ¶13.

³ PHL Variable Insurance Company, Form 10-Q for the period ended March 31, 2010, filed on May 10, 2010, p. 7.

⁴ Within the set of PAUL II policies at issue, Phoenix refers to these policies as PAUL IIc. See, for example, 2008 Project X, Product Specifications Version 1, August 26, 2008, PHL0591573–79. I note that while Phoenix has internally classified policies using this nomenclature, the policy forms associated with the policies at issue do not reveal this nomenclature to policy owners; see Deposition of Gina O’Connell, June 18, 2013 (“O’Connell Deposition, 6/18/13”), pp. 42–43 and 139. Generally, policy documents refer to the products as Flexible Premium Life Insurance Policy, Phoenix Accumulator UL II, and PHLVIC Accumulator II. In addition, certificate number 97535603 was written on form GU602 (USBCOI214816–77). Account summaries for this certificate refer to Phoenix Accumulator II (see, for example, Annual Summary for the period October 25, 2005 – October 24, 2006, USBCOI189799–801), and illustrations for this contract refer to it as form U606 (see, for example, “A Life Insurance Illustration” dated January 26, 2010 (USBCOI189812)). I have seen no evidence to suggest that this certificate did not experience the rate increase announced in the letters from Phoenix. See letter dated March 19, 2010 (USBCOI189875). I have been asked to assume this certificate written on form GU602 is also a PAUL IIc product because Phoenix treats it as a PAUL IIc product in its policy illustrations.

⁵ Within the set of PAUL III policies at issue, Phoenix refers internally to different policies as PAUL III or PAUL III blank, PAUL IIIa, PAUL IIIb, or PAUL IIIc. See, for example, O’Connell Deposition, 6/18/13, p. 49. I note that while Phoenix has internally classified policies using this nomenclature, the policy forms associated with the policies at issue do not reveal to policy owners this nomenclature. Generally, policy documents refer to the products as Phoenix Accumulator UL, Phoenix Accumulator, PHLVIC Accumulator, and Universal Life Insurance Policy.

⁶ The one exception is policy number 97528285, which was issued to Neil Miller when he was 66 years old.

10. As shown in Exhibit 3, 30 out of the 33 policies at issue received notification that Phoenix would increase COI rates in 2010 based on some unidentified shortfall in their accumulated policy values.⁷ I understand that Plaintiff learned of this rate increase as to these policies in performing its due diligence related to the acquisition in December 2010.⁸ Additionally, one out of the 33 policies at issue received notification that it would be subject to the potential future rate increase in 2010 if its policy values did not continue to exceed some unspecified future hurdle.⁹ The remaining two policies at issue received notification that Phoenix would increase COI rates in 2011.¹⁰

11. With respect to the 2010 COI rate increases, this notification generally took the following form (emphasis added):¹¹

We are sending you this letter to inform you that on April 1, 2010, *we are increasing cost of insurance rates on certain Phoenix Accumulator Universal Life policies*. Your policy referenced above will be subject to this rate increase on your next policy anniversary beginning 11/12/2010 *unless your accumulated policy value is maintained at a sufficient level*.

The amount of the increase will vary based on the accumulated amount of your policy value. In general, maintaining higher levels of policy value in relation to the face amount will reduce or even eliminate the increase.

As background, we review our cost of insurance rates periodically to determine whether they should be changed and take action only when the rates are too low

⁷ These 30 policies were written on the U606 and 05PAUL policy forms, with the exception of certificate number 97535603, as discussed above in footnote 4.

⁸ See the deposition of Douglas Joseph Cardoni, August 1, 2013, pp. 59–63.

⁹ This policy was written on the U606 policy form. See, for example, USBCOI000298, letter dated March 8, 2010, regarding policy 97513181.

¹⁰ These two policies were written on the 05PAUL policy form. See, for example, USBCOI000034, letter dated October 17, 2011, regarding policy 97522375 and USBCOI004064, letter dated October 10, 2011, regarding policy 97528285.

¹¹ Each policy received a separate letter. These letters were not identical because, for example, each letter contains reference to a specific month and day that corresponds to the policy's anniversary date. See, for example, USBCOI001262, letter dated March 19, 2010, regarding policy 97515342, and USBCOI002820, letter dated March 19, 2010, regarding policy 97519088.

relative to our current actuarial and financial expectations related to the policies. This increase is in accordance with the terms of your policy and the adjusted rates for the cost of insurance will remain below the maximum guaranteed cost of insurance rates we are permitted to charge your policy.¹²

12. According to this correspondence, both the presence of the COI rate increase and the amount of the COI rate increase would vary based on whether the policies at issue had “accumulated policy value[s] maintained at a sufficient level.”¹³ However, the letters did not identify what specific level of “accumulated policy value” would trigger a rate increase, only that the “amount of the increase will vary based on the accumulated amount of [the] policy value.”¹⁴ The letters also did not identify the rationale underlying the proposed rate increases.

13. Phoenix sent a letter to one policy owner stating that the policy would not incur a COI rate increase in 2010, but warning that future rate increases might apply. Specifically, for policy number 97513181, Phoenix’s correspondence stated:

We are sending you this letter to inform you that on April 1, 2010, we are increasing cost of insurance rates on certain Phoenix Accumulator Universal Life policies.

As of February 1, 2010, you have sufficient accumulated policy value in your policy referenced above to avoid a rate increase during your next policy year beginning 5/12/2010. However, should you reduce your accumulated policy value below a certain level, such as might occur if you made a partial withdrawal, you will be subject to the rate increase. In order to avoid a rate increase in future years, you will need to continue to maintain sufficient accumulated policy value.

Should your accumulated policy value fall below a certain level, the amount of the increase will vary based on the accumulated amount of your policy value. In

¹² See USBCOI001262.

¹³ See USBCOI001262.

¹⁴ See USBCOI001262.

general, maintaining higher levels of policy value in relation to the face amount will reduce or even eliminate any increase.¹⁵

14. Thus, even when Phoenix had determined not to increase the cost of insurance rate for a particular policy owner but warned of future rate increases, Phoenix still failed to identify the “certain level” of accumulated value that would in fact trigger a rate increase. Moreover, Phoenix stated that this policy may be subject to future COI rate increases without identifying the level of accumulated policy value that would trigger this potential rate increase.

15. At or around the same time period of these letters, policy owners in New York also received similar letters from Phoenix.¹⁶ The Department of Financial Services (“DFS”) (formerly, the New York State Insurance Department) subsequently examined this rate increase on behalf of New York policy owners.¹⁷ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

¹⁵ Letter dated March 8, 2010, for policy 97513181 (USBCOI000298).

¹⁶ Letter dated February 22, 2010, from Joseph Bonfitto of Phoenix Life Insurance Company to Kathleen Nelligan of the New York Insurance Department (PHL016457).

¹⁷ Letter dated September 6, 2011, from Michael Maffei of the State of New York Insurance Department to Kathleen McGah of Phoenix Life Insurance Company (PHL0564077-79).

¹⁸ Letter dated September 6, 2011, from Michael Maffei of the State of New York Insurance Department to Kathleen McGah of Phoenix Life Insurance Company (PHL0564077-79).

¹⁹ Letter dated September 6, 2011, from Michael Maffei of the State of New York Insurance Department to Kathleen McGah of Phoenix Life Insurance Company (PHL0564077-79).

16. After this finding by the DFS, Phoenix reduced COI rates for the affected New York policies and credited the differences between COI rates paid and revised COI rates to the policy values of the affected New York policies.²³

17. [REDACTED]

²⁰ Letter dated September 6, 2011, from Michael Maffei of the State of New York Insurance Department to Kathleen McGah of Phoenix Life Insurance Company (PHL0564077-79). I consider the terms policyholder and policy owner to be synonymous.

²¹ Letter dated September 6, 2011, from Michael Maffei of the State of New York Insurance Department to Kathleen McGah of Phoenix Life Insurance Company (PHL0564077-79).

²² Letter dated September 6, 2011, from Michael Maffei of the State of New York Insurance Department to Kathleen McGah of Phoenix Life Insurance Company (PHL0564077-79).

²³ See letter dated November 16, 2011, from Michael Maffei to Kathleen McGah (PHL015929).

18. As a result of these findings, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

19. The staff of the State of Wisconsin's Office of the Commissioner of Insurance (the "Wisconsin Commissioner") also concluded that the 2010 COI rate increase was in violation of state law. According to a Notice of Hearing dated April 30, 2013, the Wisconsin Commissioner charged that the COI rate increase was unfairly discriminatory and violated express terms of the UL insurance policy because:

The 05PAUL Form Does Not Comply with Wisconsin's Readability Law

...The definition of Net Amount at Risk is not coherent and is not explained in commonly understood language to inform policyholders that [Phoenix] may take into consideration the funding of account values relative to face amounts when deciding whether to increase COI rates.

...The description of Cost of Insurance Charge...is not coherent and is not explained in commonly understood language, does not define the term

24

[REDACTED] (PHL0970831-32).

25

[REDACTED] (PHL0970831-32).

“persistency”, and does not inform policyholders that accumulation values will be used to determine COI rate increases.

...

The 2010 COI Rate Increase Discriminates Among Policyholders of the Same Class

...By increasing the COI rates only on those policyholders who exercise their right to maintain lower accumulated policy values, [Phoenix’s] COI rate increase unfairly discriminates among policyholders of the same class.²⁶

20. As a result of these findings, the Wisconsin Commissioner also found that Phoenix’s acts were sufficient grounds to order Phoenix to roll back the 2010 COI rate increase and ensure that future practices are in compliance with state law:

The acts of [Phoenix] as set forth above constitute sufficient grounds to: order [Phoenix] to reduce the 2010 COI rate increase for the affected policies to the COI rate that was in effect prior to the increase; order [Phoenix] to provide restitution to the policyholders affected by the improper rate increase; order [Phoenix] to cease and desist considering the ratio of accumulation value to face amount when deciding whether to increase COI rates among policyholders of the same class; and to issue other remedial orders including penalties and forfeitures pursuant to [Wisconsin statutes].²⁷

21. With respect to its subsequent 2011 COI rate increases, Phoenix again sent notification letters to policy owners in 2011. The letters generally²⁸ stated:

We are sending you this letter to inform you that on November 1, 2011, we are adjusting the cost of insurance rates on certain Phoenix Accumulator Universal Life policies, including your policy referenced above. As a result, the rates used to determine your cost of insurance will be increased from the current rates. This

²⁶ Notice of Hearing for Case No. 13-C35362, In the Matter of PHL Variable Insurance Company, dated April 30, 2013, pp. 4–5.

²⁷ Notice of Hearing for Case No. 13-C35362, In the Matter of PHL Variable Insurance Company, dated April 30, 2013, p. 6.

²⁸ Each policy received a separate letter. These letters were not identical because, for example, each letter contains reference to a specific month and day that corresponds to the policy’s anniversary date. See, for example, USBCOI004064, letter dated October 10, 2011, regarding policy 97528285.

change will go into effect on your next policy anniversary on or after November 1, 2011.

As background, we review our cost of insurance rates periodically to determine whether they should be changed and take action only when the rates are too low or too high relative to our current actuarial and financial expectations related to the policies. This change is in accordance with the terms of your policy, and all currently payable rates for the cost of insurance remain below the maximum guaranteed rate contained in your policy contract.²⁹

22. According to this correspondence, affected policies would receive a COI rate increase on or after November 1, 2011. The amount of the rate increase is not specified. In an apparent explanation for the rate increase, Phoenix stated only that the proposed rate increase resulted from “current actuarial and financial expectations.”³⁰

V. Summary of Plaintiff’s Allegations

23. According to U.S. Bank, policy owners entered into agreements for universal life insurance coverage that allowed them the flexibility to choose how much to pay into the policy each month. The Bank alleges that the policies permit the insurer (Phoenix) to adjust COI rates, but only based on specific factors. Specifically, the Bank asserts that any change in COI rates is subject to restrictions including, for example, that changes in rates will be determined prospectively, will be made on a uniform basis for all insureds in the same class, and that Phoenix will not distribute past gains or recoup prior losses with COI rate increases. U.S. Bank also alleges that the agreements provide that changes in COI rates will be based on certain enumerated factors, including expectations of future mortality, persistency, investment earnings, and expenses.

²⁹ Letter dated October 10, 2011, regarding policy 97528285 (USBCOI004064).

³⁰ Letter dated October 10, 2011, regarding policy 97528285 (USBCOI004064).

24. U.S. Bank asserts claims against Phoenix including breach of contract and violations of state statutes prohibiting unfair trade practices and unfair insurance practices. Specifically, U.S. Bank alleges that Phoenix breached the policy terms by raising COI rates for reasons other than those enumerated in these policies. Plaintiff alleges that Phoenix raised COI rates based on “accumulated value” or “funding levels,” which is not a factor enumerated in the policies, and that Phoenix did not apply these rate increases to the entire class of insureds as required by the policies.

VI. The Economic Principles Underlying Universal Life Insurance

25. The economics underlying UL insurance policies is such that policy owners, and not the insurers, have discretion in the timing and magnitude of premium payments within limits specified in the policy. This flexibility affords policy owners the ability to effectively design their own policies to meet their individual and potentially evolving financial needs. To the extent that policy owners choose to fund their policies with low premiums, insurers are protected by placing explicit funding requirements in the policy. Insurers are also protected by charging policy owners more for life insurance policies that provide greater amounts of pure life insurance coverage due to policyholder decisions resulting in lower premium funding relative to the death benefit than policies that have higher funding. The amount that policy owners are charged increases as an explicitly stated function of the amount of the death benefit at risk to the insurer. Thus, policy owners effectively purchase a portfolio of options in which they determine whether to exercise the options based on predefined formulas that are in place at the time the contract is executed.

A. UL Insurance Is Explicitly Designed to Permit Flexibility in the Timing and Size of Premium Payments

26. Life insurance helps individuals provide for others, often their families, after their own death and in some cases also helps provide income during retirement. Some policies, like term life insurance, provide protection only for mortality risk while others, like universal life insurance, combine protection for mortality risk with a cash value investment vehicle that can be used by policy owners as an internal savings vehicle if a policy owner desires.

27. With UL insurance, the policy owner, not the insurer, determines within specified limits the amount of premium that will be paid to the insurer on premium due dates. As a result, UL policy owners can alter the composition between the insurance and savings components of their policies. Because of this flexibility, policy owners can effectively design their own policies to meet their individual needs.

1. UL Insurance Was Invented to Meet the Varied and Evolving Needs of Prospective Life Insurance Buyers

28. UL insurance as recognized today began in the 1970s. In 1975, James C.H. Anderson succinctly described how changes in the lifestyles of life insurance buyers resulted in the need for life insurers to create a flexible premium funding permanent life insurance policy:

In summary, this paper advances the following arguments:

...that it is no longer realistic to assume that the typical life insurance buyer is one who will, for an extended period of time, remain married to the same [spouse], work at the same job and live in the same house situated in the same city; or that the financial security needs of this typical buyer and his [or her] ability to pay for them will remain constant and can be expressed in constant nominal dollars.

...that it is not realistic for the industry to address the needs of the typical buyer with traditional permanent life insurance products requiring fixed regular premiums and providing fixed benefits, both expressed in constant nominal dollars.

...that the traditional life insurance industry distribution and administrative systems are excessively and unnecessarily costly and place the industry at a competitive disadvantage by comparison with other savings media.

...that the industry should respond to the needs of the contemporary market by introducing a simplified, flexible and less costly product.³¹

29. UL insurance was designed to meet these varying and evolving needs of policy owners by offering flexibility in premium payments and adjustability in death benefits. For example:

Universal life gives you flexibility in setting premium payments and the death benefit. Changes must be made within certain guidelines set by the policy; to increase a death benefit, the insurer usually requires evidence of continued good health.³²

30. By varying the amount of premium paid into the policy, the policy owner can effectively design his or her own financial plan.

2. Policy Owners Design Their Policies by Determining How Much to Pay in Premiums

31. In purchasing a UL insurance policy, the policy owner effectively purchases a series of options of renewable term life insurance coupled with an account that earns interest paid by the insurer and holds savings amounts the insured chooses to deposit. More premiums result in more cash value accumulation (higher savings), which lowers the death benefit at risk to the insurer.³³

³¹ James C.H. Anderson, “The Universal Life Insurance Policy,” published in *Emphasis* in November 1975.

³² “What You Should Know About Buying Life Insurance,” The American Council of Life Insurers, p. 3, https://www.acli.com/Consumers/Life%20Insurance/Documents/LI_Consumer_Broch_043012.pdf, last accessed September 10, 2013.

³³ UL insurance policies commonly offer two optional forms of death benefit: Option A and Option B. The policies at issue all involved Option A, and as such, the discussion in this report focuses on this form of death benefit. Under this form, the death benefit remains at the same level while the policy is in force, subject to changes influenced by possible policy riders or the election of policy owner to switch to Option B. In the policies at issue, Option A has been, and I understand is to be, assumed to be the choice of the current policy owner going forward.

Less premiums result in less cash value accumulation, thereby increasing the death benefit at risk to the insurer. Thus, by varying the amount of premium paid into the policy, the policy owner effectively determines the amount of renewable term insurance purchased from the insurer relative to the amount funded by the internal savings component. Each period, the policy owner can vary the amount of renewable term life insurance he or she is purchasing by contributing more or less in premiums as long as the amount paid ensures the policy will not lapse.

32. To better understand how premium flexibility permits policy owners to tailor their policies to meet their needs, it is useful to understand how policy value (sometimes referred to as cash value) changes over time. Exhibit 4a shows how policy value increases with net premiums and interest credited, and decreases with expense charges (i.e., service charges) and mortality charges (i.e., cost of insurance charges or “COI charges”).

33. For purposes of illustration, consider Jane, a 70-year-old female categorized as preferred health, who takes out a UL insurance policy with a \$2 million death benefit (or face amount). Jane pays a \$82,495 premium at the inception of the policy, which, net of commissions, contributes \$74,246 to her policy’s value.

34. Exhibit 4b illustrates how Jane’s policy value changed over the second month. Her policy value increases with the premium she paid and as the insurer credits interest to her internal savings account. The policy value decreases when the insurer deducts monthly expenses. Thus, every month, Jane’s policy value is debited and credited based on her decision of how much to pay in premiums, the insurer’s decision of how much to credit her account in interest, and the monthly expenses charged by the insurer.³⁴

³⁴ For ease of exposition, this example ignores the effects of withdrawals (i.e., loans) against the account as permitted by certain policies.

35. Policy owners are typically charged two types of monthly expenses: loading charges and mortality charges. Loading charges (sometimes called administrative expenses or service charges) are typically a flat dollar amount and are meant to cover certain of the insurer's future expected administrative expenses. Mortality charges (a dollar amount commonly referred to as the COI charge, which is not the COI rate) can be thought of as the charge levied against the policy to pay for the dollar amount of renewable term insurance purchased by the policy owner for the period.

36. The COI charge is assessed to ensure that each policy owner pays for his or her cost of mortality risk. Under a UL policy, the insurer is responsible for making good on the death benefit.

37. The COI charge is based on the net amount at risk ("NAR"), i.e., the difference between the policy's face amount and its policy value. The net amount at risk represents the amount of the death benefit that may be owed by the insurer in the event of death. The total dollar amount of COI charge is the product of the net amount at risk and the COI rate. The COI rate is common for all insured lives in the same risk class. An insured's risk class is commonly based on the insured's attained age, sex, smoking status, and other health-based factors.

38. Exhibit 4b demonstrates how each month Jane's policy value is debited and credited during the month to arrive at the end-of-month policy value. For example, at the start of the second month of the policy's life, Jane's policy value equals \$73,206.62. Since Jane did not pay any premiums into the account in this month, no premium is added to her policy value. Next, the insurer subtracts from the account value the monthly charges of \$1,002.85, consisting of a mortality charge (COI charge) of \$949.35 and an administrative expense charge of \$53.50. The insurer adds \$244.26 in interest credited to the account value. Jane's policy value at the end of

the month equals the sum of these additions and subtractions. Specifically, \$72,448.03 equals $\$73,206.62 + \$0 + \$244.26 - \$53.50 - \$949.35$.

39. Because the policy owner and not the insurer determines the amount of premium to be paid, the policy owner can vary the amount of premium paid to increase or decrease the amount of renewable term insurance purchased month by month. For example, Exhibit 5a graphs policy values for Jane and separately for Sue, another policyholder. For purposes of illustration, assume that both Jane and Sue are female classified as preferred plus. Additionally, both Jane and Sue purchase their UL insurance at age 70. Since both purchased their UL insurance at the same age, have the same gender, and are preferred plus, both experience the same COI rates each year as their policies age, because they pose the same mortality risk to the insurer.

40. Between ages 70 and 75, both Jane and Sue pursue the same strategy with their policies. Both initially fund their policies via \$82,495 in cash that was available to them at policy inception, and, as permitted, do not make additional premium payments for five years. This results in their policy values dropping to \$1 at age 75, as shown in the chart. Following the fifth anniversary of their policies, Jane and Sue each decide to pay different premium amounts. Jane decides to pay just enough in premiums to keep her policy in force. Initially, she decides to repurchase the same amount of renewable term insurance in each successive month going forward to effectively maintain the net amount at risk at \$2 million. She effectively decides to repurchase the same amount of renewable term insurance in each successive month going forward.³⁵ Sue, on the other hand, decides to pay a fixed premium each month that is sufficient to ensure that her policy value increases over time. Sue effectively decides to purchase a lesser and lesser amount of renewable term each month going forward.

³⁵ For ease of illustration, this example does not consider certain types of issues, for example, surrender charges.

41. At age 85, Jane and Sue have tailored their policies to meet their individual needs. As shown in Exhibits 5a and 5b, by age 85, Jane's policy has less cash value than Sue's policy and has more net amount at risk. Because Jane's policy has a greater net amount at risk, Jane pays more in COI charges, in dollars, than does Sue even though both pay the same COI rate as expected given that they are in the same risk class (i.e., female nonsmoker with preferred health at age 75 with five years policy duration). By paying the same COI rate but on a greater net amount at risk, Jane pays more for her greater amount of pure insurance coverage. Because Jane's policy value is also lower than Sue's, Jane receives less in credited interest on this lower policy value than Sue even though both policy owners earn interest at the same interest rate determined by the insurer. These amounts are summarized in Exhibit 5b.

B. UL Insurance Policies Explicitly Impose Certain Limitations on Premium Flexibility within the Policy

42. Insurers can and do identify limitations to this premium flexibility within their policies. For example, UL policies can contain explicit no-lapse guarantees that link coverage to a pre-specified premium payment. In other policies, insurers may limit the maximum amount of premiums to be paid to, for example, ensure that the policy meets regulatory requirements for life insurance.

43. When contractually imposed limitations on premium payments are clearly specified in the contract by the insurer, policy owners can make informed decisions as to the economic value of the premium flexibility afforded in UL insurance relative to the value of other life insurance products. In the event that the insurer imposes restrictions on this flexibility after the policy owner enters into the contract, these ex-post restrictions can decrease the value of the policy for the policy owner. Similarly, if the insurer charges policy owners for exercising their economic right to determine the timing and level of premium payments in a manner different from what is

described in the contract, the value of the policy can decrease for the policy owner. Effectively, if one has an option to determine the timing and level of premium payments, and either that option is taken away or the terms of exercising that option are reneged upon, the option is no longer as valuable to the owner. In other words, for an in-force UL policy, if an insurer were permitted to increase charges (i.e., cost of insurance rates) based on a policy owner exercising his or her flexibility in premium payments, such an increase would diminish the value of the policy without compensating the policy owner, and would set a precedent that should not exist.

C. Premium Financing and Life Settlements in UL Insurance

44. The secondary market for life insurance allows policy owners to sell valuable policies to a third party, giving policy owners an additional way of exiting their policies.³⁶ Policy owners might be interested in selling a policy if their life circumstances had changed such that they no longer needed the policy (e.g., if income protection was no longer a consideration for that individual, or if a divorce or death impacted policy beneficiaries), they no longer were able to meet required premium payments, they needed an immediate financial benefit, or for any number of other individualized reasons. The modern secondary market for life insurance began in the 1980s, growing rapidly in the 1990s.³⁷ The life settlement market emerged in the late 1990s and life settlement firms emerged in the early 2000s to provide policy owners with greater access to the secondary market.³⁸ One research firm estimated that the life settlement market had grown to

³⁶ Policy owners may exit in other ways, such as by allowing their policies to lapse or by surrendering their policies.

³⁷ Neil A. Doherty and Hal J. Singer, “Regulating the Secondary Market for Life Insurance Policies,” *Journal of Insurance Regulation* 21, no. 4 (Summer 2003), p. 67. See also Jim Aspinwall, Geoff Chaplin, and Mark Venn, *Life Settlements and Longevity Structures: Pricing and Risk Management* (West Sussex, UK: John Wiley & Sons Ltd, 2009), p. 14.

³⁸ Jim Aspinwall, Geoff Chaplin, and Mark Venn, *Life Settlements and Longevity Structures: Pricing and Risk Management* (West Sussex, UK: John Wiley & Sons Ltd, 2009), p. 14; “The Life Settlements Market: An Actuarial Perspective on Consumer Economic Value,” Deloitte Consulting LLP and the University of Connecticut (2005), p. 3.

around \$13 billion by early 2005.³⁹ Life settlement firms provide potential benefits to policy owners because they recognize that the economic value of policies may exceed their surrender values, and by fostering an active and competitive secondary market, they enhance policy owner and societal welfare.⁴⁰ The life settlement industry provides more organization to the secondary market, provides liquidity to an otherwise less liquid asset, enhances resale values in the secondary market, and improves the economic welfare of policy owners and consumers in general.⁴¹ In addition, “because the existence of a secondary market for life insurance improves the liquidity of all life insurance policies that might potentially qualify for settlement, the secondary market makes policies in the primary market more valuable for all consumers.”⁴² A survey in 2005 by the Life Insurance Settlement Association of 11 life settlement companies representing approximately half the market found that these 11 companies alone provided policy owners with \$854 million more than the surrender value of settled policies.⁴³

45. By 2005, some industry participants had suggested that the “rapid expansion of [life] settlements could alter some of the assumptions on which insurers base their profitability models, including lapse rates and mortality experience.”⁴⁴ Phoenix was also aware of the impact of life settlements on lapse rates and profitability. Phoenix employees and internal documents have

³⁹ “Life Insurance Long View – Life Settlements Need Not Be Unsettling,” Bernstein Research, March 4, 2005, p. 1.

⁴⁰ See Michael L. Frank, “Life Settlements – Understanding the Risks and the Benefits,” *Insurance Journal West*, May 23, 2005. See also Neil A. Doherty and Hal J. Singer, “Regulating the Secondary Market for Life Insurance Policies,” *Journal of Insurance Regulation* 21, no. 4 (Summer 2003), pp. 63–64.

⁴¹ “The Life Settlements Market: An Actuarial Perspective on Consumer Economic Value,” Deloitte Consulting LLP and the University of Connecticut (2005), p. 3.

⁴² Neil A. Doherty and Hal J. Singer, “Regulating the Secondary Market for Life Insurance Policies,” *Journal of Insurance Regulation* 21, no. 4 (Summer 2003), p. 65.

⁴³ “Data Collection Report: 2004–2005,” Life Insurance Settlement Association, pp. 4, 6.

⁴⁴ “Life Insurance Long View – Life Settlements Need Not Be Unsettling,” Bernstein Research, March 4, 2005, p. 1.

acknowledged that Phoenix was aware by no later than 2005 that settled policies had the characteristics of not lapsing and of being minimally funded.⁴⁵

46. Premium financing of life insurance policies entails a policy owner borrowing funds from a third party to make premium payments. Premium financing may take two general forms: non-recourse premium financing or recourse premium financing. With non-recourse premium financing, the loan is collateralized only by the life insurance policy itself. A policy owner who finances premiums for a new life insurance policy generally has three options at the end of the financing term.⁴⁶ The policy owner can (1) repay the loan and continue to pay premiums without financing, (2) sell the policy to a third party and use the proceeds to repay the loan, or (3) assign the policy to his or her lender as repayment for the loan. Although policy owners may generally choose any of these options, they generally choose to assign policies to their lenders due to the typical structure of these loans.⁴⁷ Thus, premium-financed policies may become part of the life settlement market in this way.

47. With recourse premium financing, the lender may pursue the policy or other of the policy owner's assets if the policy owner (i.e., the borrower) defaults on the loan. Non-recourse premium financing began to take off in 2004 and grew rapidly through 2005.⁴⁸ By no later than 2005 and 2006, Phoenix "sold a significant amount of the PAUL UL product in the non-recourse

⁴⁵ See, for example, Deposition of Stuart Kwassman, July 11, 2013, p. 120; Deposition of Philip Polkinghorn, July 23, 2013, pp. 115–17; Phoenix Product Strategy Committee Notes, August 17, 2005, p. 2 (PHL0582717).

⁴⁶ The financing term is generally two years. See, for example, "Letting an Investor Bet on When You'll Die," *Wall Street Journal*, May 26, 2005; R. Marshall Jones, Stephan R. Leimberg, and Lawrence J. Rybka, "'Free' Life Insurance: Risks and Costs of Non-Recourse Premium Financing," *Estate Planning* 33, no. 7 (July 2006).

⁴⁷ R. Marshall Jones, Stephan R. Leimberg, and Lawrence J. Rybka, "'Free' Life Insurance: Risks and Costs of Non-Recourse Premium Financing," *Estate Planning* 33, no. 7 (July 2006).

⁴⁸ "Life Settlement Industry Poised for Growth as Financed Policies Hit Market; Welcome Funds CEO Advises Policyowners to Shop for Multiple Offers," *Business Wire*, August 22, 2006.

market.”⁴⁹ [REDACTED]

[REDACTED]

[REDACTED] A

Phoenix document titled “Break the Barrier to Premium Financing with Phoenix Accumulator UL,” a marketing piece, also discusses how a rider on the product can “provide high early cash value that can secure premium financing.”⁵¹ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

VII. PAUL II and PAUL III Policies Expressly Provided for Premium Flexibility

48. The PAUL II and PAUL III policies expressly provided that policy owners could exercise their discretion in determining the timing and level of premium payments.⁵³ These policies contained explicit contractual language identifying the manner in which this premium flexibility was limited. For example, these policies specifically identified contractual minimums and maximums related to premium payments. PAUL II and PAUL III policies also provided for

⁴⁹ E-mail from Robert Lombardi to Diane Nemphos dated March 15, 2006 (PHL0882310). See also e-mail from John Dinius to Amy Monemerlo et al., dated April 25, 2006, attaching a PWC memo dated April 20, 2006, p. 4 (PWC_USB_088776-83 at PWC_USB_088780).

⁵⁰ “Preliminary Product Approval Document, PEL III / PAUL II, Review of Term Rider Caps, Cost of Insurance Rates and Age 100+ Rider Rates,” Version 4.0113 (at PHL0737554), and “Product Approval Document, PAUL II, Decrease in Cost of Insurance Rates,” Version 2, June 9, 2004, p. 4 and p. 7 (PHL0875842 and PHL0875845).

⁵¹ “Break the Barrier Premium Financing with Phoenix Accumulator UL,” 2006 (PHL0176332). Phoenix has identified this document as part of its marketing efforts. See, for example, O’Connell Deposition, 6/19/13, pp. 268–269.

⁵² E-mail chain from Byron Frank to Mitchell Katcher dated December 14, 2005 (PHL0792269–71 at PHL0792270).

⁵³ Unless otherwise noted, the policy form associated with the certificate number 97535603, which was written on the GU602 policy form, contains similar economic provisions to those described herein. See, for example, USBCOI214816–77.

specific incentives to pay additional premiums (i.e., bonus interest). The PAUL II and PAUL III policies did include specified contractual maximums that limited the amount of premiums that could be paid.

49. These policies clearly indicated to policy owners that they could be charged for exercising this flexibility in a manner consistent with other UL insurance, but any increase, if appropriate, would be an increase to the COI charge, not an increase to the COI rate. Specifically, PAUL II and PAUL III policies explicitly informed policy owners that they would incur a monthly COI charge equal to a COI rate multiplied by the net amount at risk. Nowhere in the policy forms did Phoenix state that the COI rate assessed against their policies would be affected by their choice of premium payment.

A. PAUL II and PAUL III Policies Explicitly Permitted Premium Flexibility

50. The 33 policies at issue are UL insurance policies. As with other UL insurance policies, flexible premium funding was a defining characteristic of these policies. For example,⁵⁴ Phoenix policy forms associated with the PAUL II and PAUL III policies were clearly labeled:

FLEXIBLE PREMIUM LIFE INSURANCE POLICY⁵⁵

Universal Life Insurance Policy
Flexible Premiums⁵⁶

51. Phoenix acknowledged in testimony that premium flexibility was a defining characteristic of the PAUL II and PAUL III products. For example, Zafar Rashid, former senior vice president

⁵⁴ Policies written on the same policy form, e.g., policies written on form U606 or form 05PAUL, had identical language outside of the Schedule Pages, such that the economics underlying the policies were identical for policies written on that form.

⁵⁵ Policy 97515342, USBCOI001278.

⁵⁶ Policy 97528285, USBCOI022271.

in charge of the financial area for life and annuities and strategy advisor to James Wehr, the chief executive officer at the time, testified:⁵⁷

A. That is a premium that is not predefined and locked in.

Q. Is that an element of PAUL policies?

A. PAUL policies had premium flexibility so there was not an absolute requirement to pay premiums in any particular pattern.⁵⁸

Well, it's a benefit. The ability to adjust your premiums is a benefit under the policy.⁵⁹

52. Byron Frank, a vice president at Phoenix who was in charge of life insurance pricing,⁶⁰ also acknowledged that premium flexibility is an advantageous attribute of UL insurance:

Q. And flexibility of premium payments is one of the main advantages of universal life, including PAUL, correct?

A. Flexible premium could be seen as an advantage.⁶¹

Q. He states "The beauty of universal life is flexibility." You have no reason to disagree with that statement, do you?

A. That's what universal life has, flexible terms.⁶²

B. PAUL II and PAUL III Policies Stated that Policy Owners Would be Charged for This Flexibility Based on the Net Amount at Risk in Their Policies, Not By Changing the COI Rate Based on Their Choice of Premium Funding

53. For PAUL II and PAUL III policies, Phoenix stated that policy owners would be charged a monthly COI charge equal to the net amount at risk in their policy times the COI rate

⁵⁷ Deposition of Zafar Rashid, August 13, 2013 ("Rashid Deposition"), p. 11.

⁵⁸ Rashid Deposition, p. 85.

⁵⁹ Rashid Deposition, p. 86.

⁶⁰ Deposition of Byron Frank, July 16, 2013 ("Frank Deposition"), pp. 12–13.

⁶¹ Frank Deposition, p. 286.

⁶² Frank Deposition, p. 291, lines 17–22, citing to an e-mail from Swenson to Byron Frank dated February 13, 2004 (PLIC0774354–57).

applicable to their risk class.⁶³ This COI charge as stated is consistent with what one would expect based on the economic principles underlying UL insurance and those economic concepts explicitly identified in their policies. For example:

PAUL II Policies:

The cost of insurance is the amount We charge each month for providing the insurance coverage. The cost of insurance is equal to:

(A x (B – C)) + D; where

A= the applicable cost of insurance rate for the Insured's risk class, based upon the Net Amount at Risk and Insured's risk class, including any applicable substandard mortality percentage extra. The Net Amount at Risk is equal to (B–C) below:

B= the Death Benefit at the beginning of the Policy Month, divided by the Monthly Factor shown on the Schedule Pages;

C= the Policy Value at the beginning of the Policy Month, after the Monthly Service Charge and, when applicable, one-twelfth of the Issue Charge, and prior to subtracting the Cost of Insurance for that month;

D= the Substandard (Temporary or Permanent) Extra Charge, if any, shown, on the Schedule Pages.

...
The cost of insurance rate for each Policy Month is based on the Insured's age at issue, risk class and sex, and on policy duration. The rate used in computing the cost of insurance is obtained from the Table of Guaranteed Maximum Cost of

⁶³ In each case, the net amount at risk was defined as an adjusted face amount minus the policy value. Specifically, the face amount was divided by a monthly factor that was identified in the policy form. See, for example policy 97515342 at Schedule Page 4 (USBCOI001282), "Monthly Factor used in determining Cost of Insurance: 1.0032737," and at p. 10 (USBCOI001295), describing that the cost of insurance charge incorporates "the Death Benefit at the beginning of the Policy Month, divided by the Monthly Factor shown on the Schedule Pages." See also, for example, policy 97528285 at p. 7 (USBCOI022277), "The Monthly Factor used in determining Cost of Insurance is 1.0032737," and at p. 12 (USBCOI022282), describing that the Net Amount at Risk incorporates "the Total Face Amount divided by the applicable Monthly Factor shown in the footnote in Section 2."

Insurance Rates shown on the Schedule Pages for the insured risk classification(s), or such lower rate as We may declare.⁶⁴

PAUL III Policies:

The Cost of Insurance Charge for a specific Policy Month is the charge for the Net Amount at Risk. The charge for the Net Amount at Risk is an amount equal to the per dollar cost of insurance rate for that month multiplied by the Net Amount at Risk, and such rates will be based on our expectations of future mortality, persistency, investment earnings, expense experience, capital and reserve requirements, and tax assumptions.⁶⁵

54. By charging an insured life with the same mortality risk the same COI rate multiplied by the dollar net amount at risk in an individual policy, a policy owner would compensate Phoenix for its proportionate share of expected death claims. As a result, policy owners were to be charged a mortality charge that would cover their proportionate share of the death claims expected by the insurer.

55. The policies also stated that the COI rate was determined based on such factors as mortality, persistency, investment earnings, expense experience, or capital and reserve requirements or taxes.⁶⁶ Neither of the policies stated that the COI rate would be based on the timing or amount of premiums paid or policy value, much less some undefined threshold of accumulated policy value. For example:

PAUL II Policies

[The COI rate is]...the applicable cost of insurance rate for the Insured's risk class....

⁶⁴ Policy 97515342, USBCOI001295.

⁶⁵ Policy 97528285, USBCOI022282.

⁶⁶ Policy form 05PAUL discusses "capital and reserve requirements, and tax assumptions" while form U606 does not. See, for example, Policy 97515342, USBCOI001295 and Policy 97528285, USBCOI22282.

The cost of insurance rate for each Policy Month is based on the Insured's age at issue, risk class and sex, and on policy duration....

...Any change in rates will be based on a change in Our expectations of future investment earnings, mortality, persistency and expense/administrative costs.⁶⁷

PAUL III Policies

The Cost of Insurance Charge for a specific Policy Month is the charge for the Net Amount at Risk. The charge for the Net Amount at Risk is an amount equal to the per dollar cost of insurance rate for that month multiplied by the Net Amount at Risk, and such rates will be based on our expectations of future mortality, persistency, investment earnings, expense experience, capital and reserve requirements, and tax assumptions.⁶⁸

56. Importantly, none of the descriptions offered in the policies relating to the COI rate to be charged stated that a policy owner's choice of premium funding would affect their COI rate going forward. Moreover, Phoenix specifically stated that it would change its COI rates only in the event that there was a change in its expectations as to future investment earnings, mortality, persistency, and expense or administrative costs.⁶⁹ Any change in PAUL II policy rates would also be determined prospectively and would not distribute past gains or recoup future losses.⁷⁰

57. While the PAUL III policy form did not specify what reasons would constitute a justifiable change in the COI rate, it did enumerate the permitted bases on which a COI rate would be determined, and stated that any change would be determined prospectively and would not distribute past gains or recoup prior losses.⁷¹ Both the PAUL II and PAUL III forms stated

⁶⁷ See, for example, policy 97515342, pp. 10–11 (USBCOI001295–96).

⁶⁸ See, for example, policy 97528285, p. 12 (USBCOI 022282).

⁶⁹ See, for example, policy 97515342, p. 11 (USBCOI001296).

⁷⁰ See, for example, policy 97515342, p. 11 (USBCOI001296).

⁷¹ See, for example, policy 97528285, p. 12 (USBCOI022282).

that Phoenix would not change COI rates in a manner that resulted in either non-uniform or discriminatory treatment of insureds in the same class.⁷²

C. PAUL II and PAUL III Policies Explicitly Imposed Certain Limitations on Premium Flexibility and Incentivized Higher Funding through Payment of an Interest Bonus

58. PAUL II and PAUL III policies explicitly described the limitations imposed by Phoenix on a policy owner's choice of the timing and size of premium payments. These limitations related to contractually mandated limits on the minimum and maximum amounts of premium payments required by the policy. Provided these limitations were met by the policy owner, policy owners had full discretion over the timing and magnitude of premium payments.

59. For example, the PAUL II policy stated:

Subject to the limitations stated below, You may pay additional premiums at any time prior to age 100 while this policy is in Force....

The minimum premium payment amount that We will accept is \$25....

The total premium limit is shown on the Schedule Pages and is applied to the sum of all premiums received by Us to date, excluding premiums applied to debt repayment, reduced by the sum of all partial withdrawals paid by Us to date. If the total premium limit is exceeded, We will refund the excess with interest at an annual rate of not less than 4%, not later than 60 days after the end of the Policy Year in which the limit was exceeded. The Policy Value will be adjusted to reflect such refund.⁷³

60. The total premium limit referenced in that section of the PAUL II policy is identified in the Schedule Page of the policy, for example:

⁷² See, for example, policy 97515342, p. 11 (USBCOI001296), and policy 97528285, p. 12 (USBCOI022282).

⁷³ Policy 97515342, p. 6 (USBCOI001291).

Total Premium Limit: Greater of \$1,208,007.46 and result of \$163,644.50 multiplied by the number of elapsed policy years (or fraction thereof) after November 12, 2005.⁷⁴

61. The PAUL III policy stated:

Subject to these limitations, you may pay additional premiums at any time prior to the Age 100 Anniversary and while this policy is in force. Unless we agree otherwise, maximum premium payments are subject to the Maximum Annual Premium shown in Section 1....

...The minimum premium payment that we will accept is \$25.⁷⁵

62. The Maximum Annual premium referenced in that section of the PAUL III policy is identified in the Schedule Pages of each policy. For example, in one policy, the Maximum Annual premium was set at \$1 million.⁷⁶

63. In addition to these contractually specified minimums and maximums, PAUL II and PAUL III policies contained no-lapse provisions that provide further guidance to policy owners regarding the timing and amount of premiums required for the policy to remain in force. Generally, PAUL II and PAUL III policies required that the policy value be large enough to cover monthly deductions charged against the policy value. As long as the policy value was large enough to cover these monthly deductions, the policy would not lapse.

64. For example, the PAUL II policies granted policy owners a 61-day grace period to pay additional premiums in the event that either the policy value (less policy debt) or the surrender value was less than the scheduled monthly deduction.⁷⁷ If a policy entered this grace period,

⁷⁴ Policy 97515342, Schedule Page 1 (USBCOI001279).

⁷⁵ See, for example, policy 97528285, p. 14 (USBCOI022284).

⁷⁶ Policy 97528285, p. 6 (USBCOI022276).

⁷⁷ See, for example, policy 97515342, p. 7 (USBCOI001292). During the first seven Policy Years, the Policy Value less any Policy Debt had to exceed the required monthly deduction to avoid entering a grace

within the 61 days, policy owners could pay additional premium sufficient to cover three monthly deductions to maintain the policy in force.

65. PAUL III policies had similar provisions. However, within the first five years of the policy a separate no-lapse condition applied. Specifically, within the first five years, the face amount, supplemental face amount, and rider benefits would not terminate provided policy owners paid sufficient premiums to satisfy a total cumulative premium test.⁷⁸ This total cumulative premium test required policy owners to pay or have paid premiums equal to or greater than the cumulative to-date sum of a contractually specified monthly guarantee premium, which was less than the planned premium amount.⁷⁹

66. Provided policy owners made premium payments within the minimum and maximum limits specified and provided these payments were sufficient to guarantee that the policy would not lapse, policy owners had full discretion to determine the magnitude and timing of premium payments. This flexibility was consistent with the economic principles underlying UL insurance.

67. Phoenix included a separate provision, ostensibly designed to encourage additional premium payments by policy owners, within the PAUL II and PAUL III policies. Specifically, these policies stated that policy owners would receive an interest bonus in addition to the interest credited under the policy. This interest bonus would be paid on amounts in excess of the Policy Benchmark Amount, which equaled the Policy Value Benchmark Percentage multiplied by the Face Value of the policy. For example:

On each Monthly Calculation Date beginning on the Interest Bonus Start Date, (shown in Section 1), in addition to interest being credited under the policy, we

period. In later Policy Years, the Surrender Value had to exceed the required monthly deduction to avoid entering a grace period.

⁷⁸ See, for example, policy 97528285, p. 14 (USBCOI022284).

⁷⁹ See, for example, policy 97528285, p. 11 (USBCOI022281) and p. 3 (USBCOI022273).

will also credit an Interest Bonus on amounts in excess of the Policy Value Benchmark Amount, defined as follows

The Policy Value Benchmark Amount is equal to the Policy Value Benchmark Percentage (shown in Section 1) multiplied by the sum of the Total Face Amount at issue and the insurance amount then in effect on any applicable riders attached to this policy.⁸⁰

Beginning in the third Policy Year of this policy, in addition to interest being credited under the policy on each Monthly Calculation Day, We will also credit an interest bonus on each Monthly Calculation Day on amounts in excess of the Policy Value Benchmark Amount, shown on the Schedule Page.⁸¹

68. The economic import of these policy provisions is that policy owners would be paid a bonus if they contributed premiums such that a Policy Value Benchmark was reached, as opposed to suffering additional costs if the Policy Value Benchmark was not reached. Based on my extensive review of the policies at issue, I have found no reference to a Policy Value Benchmark that would suggest that policy owners would pay more in monthly expenses (specifically COI rates) based on their funding relative to this Policy Value Benchmark.

VIII. The Policies at Issue Were Charged Monthly COI Charges in a Manner Consistent with That Expressed in the Policy Forms Prior to the 2010 and 2011 Rate Increases

69. Prior to the announced rate increases scheduled for 2010 and 2011, the policies at issue incurred monthly COI charges in a manner consistent with what was expressed in the policy forms and with what would have been expected given the economic principles underlying UL insurance. That is, policy owners were charged a monthly COI charge that equaled a COI rate multiplied by the monthly net amount at risk in their policy. This COI rate did not vary

⁸⁰ Policy 97528285, p. 13 (USBCOI022283).

⁸¹ Policy 97515342, p. 9 (USBCOI001294).

depending on the funding history or policy value.⁸² Rather, the COI rate was identified based on the age, sex, and risk classification of the insured life and the face amount and duration of the policy at issue.

70. For purposes of illustration, Exhibits 6a through 6e provide a stylized example to demonstrate how the monthly COI charge was assessed for a policy owner prior to the 2010 COI rate increase. Exhibit 6a demonstrates that the policy owner's policy value changed monthly depending on the amount of premium paid, the amount of interest credited, and the amount of monthly deductions charged. For example, based on the annual summary reporting account activity, the policy value for this policyholder as of November 12, 2008, was \$8,395.77. Over the next monthly period, November 13, 2008, to December 12, 2008, the policy owner did not pay any monthly premiums, earned \$30.43 in accrued interest, and was charged \$3,364.51 in monthly deductions. As of the end of the period on December 12, 2008, the policy value had decreased to \$5,061.69, where \$5,061.69 equals \$8,395.77 + \$0 + \$30.43 – \$3,364.51.

71. Exhibit 6b shows that the monthly deduction was the sum of two components: a monthly service charge and a monthly COI charge. For example, the monthly deduction mentioned above equaled \$3,364.51. Of this amount, \$3.50 resulted from the monthly service charge and \$3,361.01 resulted from the monthly COI charge.⁸³

72. Exhibit 6c describes how the monthly COI charge of \$3,361.01 was determined. Recall that Phoenix's policy forms state that the COI charge is equal to the COI rate multiplied by the net amount at risk. The COI rate is typically reported in a footnote of the annual summary.⁸⁴

⁸² To make this determination, I analyzed the policy values, interest crediting amounts, and monthly deductions reported in the annual summaries.

⁸³ This monthly COI charge was not reported separately by Phoenix to policy owners in their annual summaries.

⁸⁴ Prior to the 2010 COI rate increase, Phoenix reported the effective COI rate per \$1,000 assessed, which had remained the same throughout the year. This reported effective COI rate per \$1,000 generally

The net amount at risk utilized by Phoenix in its calculation equaled the face amount (equivalently, death benefit) divided by a monthly factor (which was identical across all of the policies at issue) minus the policy value.⁸⁵ For example, for the month ending December 12, 2008, for this policy, the relevant inputs were:

- COI rate equal to 0.0016903
- Face amount divided by monthly factor equal to $\$1,993,473.96 / 1.0032737$ = $\$2,000,000 / 1.0032737$
- Policy Value equal to \$5,061.66

73. Based on these inputs, the net amount at risk equaled $\$1,988,412.30 = \$1,993,473.96 - \$5,061.66$. The monthly COI charge equaled this net amount at risk multiplied by the COI rate. Specifically, $\$3,361.01 = \$1,988,412.30 * 0.0016903$.

74. For example, Exhibits 6d and 6e illustrate how Phoenix determined the relevant COI rate. Given that the insured life was a female aged 75 at policy issue, classified as preferred plus, and the face value of the policy was \$2 million, Phoenix applied the table rates found in Exhibit 6e.

equaled the COI table rate times 1,000 times the banding factor. However, following the 2010 COI rate increase, the reported effective rate resulted from the application of a formula that required three inputs that were unknown to policy owners: the old effective rate that would have applied but for the increase, the new COI table rate, and the target funding ratio. As discussed below in Section IX.A, this new effective rate changed monthly and varied across individuals depending on their funding experience to date. Following the 2010 COI rate increase, Phoenix stopped reporting to policy owners the effective COI rate charged against their policy value. Based on information received from Phoenix—including essential information concerning banding factors, COI table rates, and target funding ratios that I understand was provided by Phoenix during the last week of discovery (*see* U.S. Bank Ex. 6; U.S. Bank Ex. 217 at 2, 5; U.S. Bank Ex. 218; U.S. Bank Ex. 219; Deposition of Gina O'Connell, August 29, 2013, pp. 668–669, 686–688, 837–838, 850–855)—I was able, with a significant amount of work, to understand how the COI rates were determined after the 2010 and 2011 COI rate increases and how these rates related to monthly deductions for the policies at issue. Based upon this understanding, I was able to provide estimates of the value decline to policy owners caused by the rate increase and the excess premiums paid to date by Plaintiff using commonly accepted economic methods. Significant amount of work and analysis was required because, for example, Phoenix's annual summaries provide only bundled monthly deductions, and these deductions were based, in part, upon the monthly net amount at risk figures, which were not provided in the annual summaries.

⁸⁵ The face amount was equal to the base policy death benefit for policy owners choosing death benefit Option A, as was the case for all 33 policies at issue.

As of December 12, 2008, the policy had a duration of four years. The table rate is found by reading across the row for policies with an issue age of 75 to the column for policies with a four-year duration. As shown in Exhibit 6e, this COI table rate is 0.0018781.

75. The COI rate of [REDACTED] identified in Exhibit 6c is equal to the table rate times a banding factor.⁸⁶ The banding factor applied to this policy equaled [REDACTED]. Exhibit 6d demonstrates this calculation. For the period ending December 12, 2008, Phoenix used a COI rate equal to [REDACTED], calculated as [REDACTED]

76. For the policy year spanning November 12, 2008, to November 11, 2009, the COI rate used by Phoenix to determine the monthly COI charges over this period remained the same. Because the insured life was still 75 years old at policy issuance, female, and classified as preferred plus, and given that the policy itself was still in its fourth year of duration and the face amount remained equal to \$2 million, the COI rate did not change.

77. At the next policy anniversary date, November 12, 2009, the policy duration becomes five years. During the fifth policy year, Phoenix used the same COI rate each month in calculating the monthly COI charge. As it did in the prior year, Phoenix identified this rate using the table rates identified in Exhibit 6e. Specifically, Phoenix used the same table of table rates and simply followed the row for issue age 75 to the column for policy duration five years.

78. This annual increase in the applicable COI rate (i.e., moving across the COI table one column at a time) as the policy duration increases each year is as expected, and this is reflected in the policy language. For example, policy schedule pages describe maximum COI rates that increase each policy year and policies state that COI rates are based on policy duration, which

⁸⁶ [REDACTED]

[REDACTED]

increases every year as the attained age of the insured life increases and the policy remains in force.⁸⁷ For each insured life, the probability of death is higher at older attained ages; therefore, the probability that the insurance company must pay a death benefit on an in-force policy is also greater, as is the COI rate.

IX. The 2010 and 2011 COI Rate Increases Were Economically Inconsistent with the Contractual Terms and Resulted in Non-uniform and Discriminatory Treatment between Policy Owners

79. Pursuant to the letters sent by Phoenix, Phoenix increased the COI rate assessed in computing the monthly COI charges for the policies at issue. Thirty out of the 33 policies at issue experienced a COI rate increase announced in 2010, which became effective for those policies sometime in 2010 or early 2011.⁸⁸ Two out of the 33 policies at issue experienced a COI rate increase announced in 2011, which became effective for those policies sometime in 2012.⁸⁹ The effective date of these 2010 and 2011 COI rate increases varied by policy depending on the anniversary date of the policy.

⁸⁷ See, for example, policy 97515342, Schedule Page 4 (USBCOI001282).

⁸⁸ According to O'Connell Deposition, 6/18/13, pp. 179–80, the policies at issue that were affected by the 2010 COI rate increase were policies that Phoenix referred to internally as PAUL IIc and PAUL III blank. Using the annual summaries associated with policies, I was able to analyze the monthly deductions assessed in 2010 and 2011 to determine that 28 out of the 30 policies in fact experienced the improper 2010 COI rate increase described in this section. For 2 of the 30 policies, I was unable to analyze the monthly deductions assessed in 2010 and 2011; however, I have seen no evidence to suggest that these policies did not experience the rate increase announced in the letters from Phoenix. See letters dated March 8, 2010 (USBCOI189781) and March 19, 2010 (USBCOI189875).

⁸⁹ According to an August 24, 2011 letter sent from Phoenix to the State of New York Insurance Department (PHL020885), the policies at issue that were affected by the 2011 COI rate increase were policies that Phoenix had referred to internally as PAUL IIIa, PAUL IIIb, and PAUL IIIc. Using the annual summaries associated with one out of the two policies, I was able to analyze the monthly deductions assessed in 2012 to determine that these policies had in fact experienced the improper 2011 COI rate increase described in this section. For one out of the two policies, I did not have annual summaries associated with this year of increase. However, it is consistent to assume that this policy in fact did experience this rate increase based on the letter to the State of New York Insurance Department and the fact this policy received a letter notifying the policy owner of the pending 2011 COI rate increase. See PHL020885 and USBCOI000034.

A. The 2010 COI Rate Increase Was Economically Inconsistent with the Terms of the PAUL II and PAUL III Policies

80. The 2010 increase in the COI rates was economically inconsistent with the terms of the policies and resulted in the non-uniform and discriminatory treatment of policy owners who had decided to exercise their right to minimally fund their policies. As demonstrated in Section VIII, prior to this COI rate increase, Phoenix determined the effective COI rate to apply in calculating a monthly deduction by identifying the relevant preexisting table rate and multiplying that rate by a banding factor. Had Phoenix continued to apply this methodology, it would have simply looked up the next relevant table rate along the row associated with the insured life's age at issue.

81. For example, for the policy examined in Section VIII, Phoenix would have applied the table rate of [REDACTED] found in the row labeled 75 to the policy duration column labeled 6. This table rate corresponded to a female, preferred plus insured risk that was 75 years old as of the policy issuance date and whose policy had a face value of \$2 million and a duration of six years. Multiplying this table rate of [REDACTED] by the banding factor of [REDACTED] gives the effective COI rate for November 2010, which would have been [REDACTED]. However, instead of [REDACTED] Phoenix used an effective COI rate of [REDACTED] for this policy for the month ending November 12, 2010.

82. This new effective COI rate resulted from the introduction of an entirely new set of table rates, the use of an undisclosed target funding ratio, and the use of a complicated undisclosed formula. Exhibit 7a demonstrates how Phoenix determined the applicable COI rate for policies affected by the 2010 COI rate increase.

83. As detailed above, before the 2010 rate increase, the effective COI rates applied to policies were equal to COI table rates multiplied by a banding factor.⁹⁰ This is shown in the top portion of Exhibit 7a. After the 2010 rate increase, the effective COI rates applied to policies were no longer equal to these “old” effective COI rates (“old COI rate(s)”). The “new” effective COI rates (“new COI rate(s)”) were equal to or greater than the old COI rates and equal to or less than the new table COI rates introduced by Phoenix. In other words, the old COI rates and the new table COI rates bounded a range of possible new COI rates. The specific rate within that range that Phoenix applied to any given policy owner depended on that policy owner’s funding ratio relative to a “target funding ratio” determined by Phoenix.⁹¹ Phoenix calculated the difference between the new table COI rate and the old COI rate, multiplied this by a percentage based on funding ratios, and added this figure to the old COI rate to determine the new COI rate. This is shown in the bottom portion of Exhibit 7a.⁹²

84. The 2010 COI rate increase resulted in non-uniform and discriminatory treatment of policy owners. Before the 2010 rate increase, COI rates were the same for all policy owners that shared certain characteristics, but this new and complex formula meant that after the rate increase, policy owners with shared characteristics, but who had made different funding choices,

⁹⁰ Banding factors were based on policy face amount. Prior to the 2010 COI rate increase, when PAUL III policies had policy values at least 50% of face amounts, and the attained age of the insured was greater than age 90, the monthly COI rates were reduced by 5% (PHL0776367–70). In addition, some policy owners may have received a COI rate discount called a “Healthy Measure Reward” discount. See Project X, Product Specifications Version 1, dated August 26, 2008 (PHL0591573–79). Neither of these discounts appears to have applied to the policies at issue; thus, for exposition purposes, I do not discuss them further.

⁹¹ A policy owner’s funding ratio is equal to the policy value on any given date divided by the policy’s face amount. Because policy values change each month with credits and debits, such as monthly deductions and interest credited, funding ratios also change each month. See Deposition of Christopher A. Macklem, July 30, 2013 (“Macklem Deposition”), p. 33; Deposition of Gina O’Connell, June 19, 2013 (“O’Connell Deposition, 6/19/13”), pp. 290–91.

⁹² After the 2010 COI rate increase, if a policy’s funding ratio exceeded the target funding ratio, no increase to the old COI rate applied. This was not the case for the example policy shown in Exhibit 7a; thus, I omit this portion of the formula for exposition purposes.

experienced different COI rates. For example, before the 2010 rate increase, two policy owners who were both female, age 70 at policy issuance, preferred plus, had policy duration of four years, and had \$2 million face amount on their policies, would have the same COI rates applied to their policies in any given policy period. Following the rate increase, if these two policy owners had made different choices about funding, they would experience different COI rates. Our hypothetical policy owners Jane and Sue, in Exhibit 5, would have different COI rates applied to determine their COI charges. A policy owner who had minimally funded a policy, i.e., only paid premiums sufficient to cover monthly deductions and keep the policy in force, was subject to greater COI rate increases than a policy owner who had funded a policy to a greater extent following the rate change. Phoenix never identified target funding ratios as a factor that might be applied to determine the COI rate assessed in determining the monthly COI charge. Phoenix acknowledged the use of target funding ratios in the determination of the COI rate and also acknowledged that policies did not identify target funding ratios as a basis for a possible change in COI rates.⁹³

85. Furthermore, while the old COI rate and the new COI table rate remained constant over the policy year after the rate increase, the effective COI rates used to determine COI charges changed each month. This is because each month, any given policy owner's funding ratio changed, and the relationship of this funding ratio to Phoenix's "target funding ratio" also changed. Every policy owner experienced an *entirely individualized* COI rate each month.⁹⁴ Neither funding ratios, target funding ratios, nor the applicable COI rates actually used each month were printed on policy owners' annual summaries. Whereas in the past, policy owners

⁹³ See Macklem Deposition, p. 34; O'Connell Deposition, 6/19/13, pp. 286–87.

⁹⁴ Phoenix acknowledged this. See O'Connell Deposition, 6/19/13, pp. 290–291.

had been told what effective COI rate had been applied to their policy, policy owners no longer received this information.

86. In addition, the 2010 COI rate increase did not apply to all policy owners, only to certain policy owners with issue ages of 68 and above and face amounts of \$1 million and above.⁹⁵

B. The 2011 COI Rate Increase Was Economically Inconsistent with the Terms of the PAUL III Policy

87. The 2011 increase in the COI rates was economically inconsistent with the terms of the policy and resulted in discriminatory treatment of policy owners who had decided to exercise their economic right to minimally fund their policies. Phoenix has acknowledged that, with the 2011 rate increase, new COI table rates were introduced for the products it internally identifies as PAUL IIIa, PAUL IIIb, and PAUL IIIc, but only for policy owners with issue ages and face amounts above certain levels.⁹⁶ The 2011 rate applied only to these subgroups of policy owners who owned these products. This rate increase is depicted in Exhibit 7b, which shows that, for the subject policies, COI rates were calculated in the same manner before and after the rate increase, with the new COI table rates applied after the increase.

88. Phoenix used policy funding, i.e., “the ratio of total account value to total face amount,” to determine which subgroups of policy owners were subject to the 2011 rate increase.⁹⁷ In addition, Phoenix has stated a criterion for the 2011 rate increase was “premium persistency”⁹⁸ and that “funding level and premium persistency are the same thing.”⁹⁹

⁹⁵ See Macklem Deposition, p. 33.

⁹⁶ See O’Connell Deposition, 6/19/13, p. 302.

⁹⁷ See O’Connell Deposition, 6/19/13, pp. 298-301; Macklem Deposition, pp. 35-40.

⁹⁸ See O’Connell Deposition, 6/19/13, pp. 294-96.

⁹⁹ See Frank Deposition, p. 100.

89. The terms “premium persistency” and “persistency” are not the same. “Persistency” refers to policy lapses and the extent to which policies lapse or persist. Persistency, in other words, is the percentage of policies not terminated by policy owners by allowing them to lapse or by surrendering them.¹⁰⁰ Phoenix’s 10-Ks make clear that “persistency” relates to policy lapse and not premium or funding patterns:

2007 10-K: Pricing of our products is also based in part upon the expected persistency of these products, which is the probability that a policy or contract will remain in force from one period to the next.¹⁰¹

2008 10-K: We set prices for many of our insurance and annuity products based upon expected investment returns, claims, expected persistency of these policies and the expected level and pattern of premium payments into these policies.... Recent trends in the life insurance industry may affect our mortality, persistency and funding levels.¹⁰²

2009 10-K: Our results may be negatively impacted if investment returns, mortality rates, persistency rates, funding levels, expenses or other factors differ significantly from our assumptions used in pricing products.¹⁰³

90. In its quarterly earnings calls and investor presentations, Phoenix also makes clear that “persistency” is something conceptually distinct from “funding levels” and that “persistency” refers to policy lapse rates:

3Q2006: ...In addition to strong mortality, persistency was very good across the life product lines, with lapse ratios below 5% in both VUL and UL, which is consistent with our experience over the past few years.¹⁰⁴

¹⁰⁰ For clarity of exposition, I do not continue to explicitly discuss surrendered policies as part of persistency, and only explicitly discuss lapsed policies.

¹⁰¹ 2007 PHL 10-K, p. 7.

¹⁰² 2008 PHL 10-K, p. 11.

¹⁰³ 2009 PHL 10-K, p. 13.

¹⁰⁴ Phoenix, Q3 2006 Earnings Call at p. 2, October 26, 2006.

4Q2006: ...Persistency, at lapse rate of less than 5%, remains favorable to our pricing assumptions. After three quarters of below trend investment income, the fourth quarter benefited from 9 million pre-tax of make hold premiums and partnership gains.¹⁰⁵

1Q2010: ...the possibility that mortality rates, persistency rates, funding levels or other factors may differ significantly from our assumptions used in pricing products.¹⁰⁶

2006 Keefe, Bruyette, and Woods Insurance Conference: This slide shows our overall insurance fundamentals and you can see that we enjoy strong persistency rates, lapse rates of only 4% or 5% in our key line, strong investment margins on our universal life line and our insurance margins basically the difference between what we're charging cost of insurance rates and our net claim is high.¹⁰⁷

X. Phoenix's COI Rate Increases Resulted in Economic Losses to Policy Owners

A. The COI Rate Increases Resulted in Losses to Policy Owners Caused by the Decline in the Value of the Policy

91. No later than the date that the COI rate increase began to be charged to each policy owner, Phoenix unilaterally determined to usurp the value of the benefit of premium flexibility from policy owners. At that point, Phoenix was uniquely situated to understand the expected amount of value usurped because it uniquely knew the COI rates that were expected to be charged to policy owners before and after the rate increase.

92. The expected amount of value usurped by Phoenix caused a decrease in the value of the policy to policy owners.¹⁰⁸ Other things equal, the COI charges applied to a policy subject to a COI rate increase would be lower but for the COI rate increase. Similarly, the premiums

¹⁰⁵ Phoenix, Q4 2006 Earnings Call at p. 2, February 1, 2007.

¹⁰⁶ Phoenix, Earnings Review First Quarter 2010, May 4, 2010.

¹⁰⁷ Transcript of the 2006 Keefe, Bruyette, and Woods Insurance Conference, September 7, 2006, p. 3.

¹⁰⁸ This decrease in value can serve as a reliable conservative estimate for the decrease in the resale value of a policy. For example, to the extent that market participants believe that the rate increase signals additional improper rate increases in the future, the resale value would be diminished by an amount greater than the decline estimated herein.

required to maintain a desired level of insurance benefit would be lower, other things equal, but for the COI rate increase. In other words, to prevent higher COI charges from eroding policy value, a policy owner subject to a COI rate increase would have to pay greater premiums than would have been required without the rate increase. Every month in which the policy is in force after the COI rate increase, until the insured life either dies or reaches an attained age of 100,¹⁰⁹ the policy owner will be required to pay excess premiums necessitated by the COI rate increase. Thus, the expected decrease in value can be estimated by analyzing the expected future increase in the amount of premium payments required to maintain the policies in force. As a matter of economics, the expected decrease in the value of the policy to policy owners can be estimated using a discounted cash flow analysis.

93. For each policy at issue, I estimated the decrease in policy value attributable to the increase in COI rate using a discounted cash flow analysis. Specifically, for each policy, I estimated the amount of future monthly premiums that policy owners would have to pay to keep the policy in force with and without the COI rate increase.¹¹⁰ For each policy, I estimated these future monthly premiums assuming that Phoenix would pay interest credits on account values at the contractual minimum of 4%. I also assumed that no loans or withdrawals would be taken

¹⁰⁹ Each of the 21 PAUL II policies at issue, including certificate number 97535603 written on form GU602, contains an “AGE 100+ RIDER” which, among other benefits, states that “Monthly Service Charges and Cost of Insurance Charges will not be deducted after this anniversary [the policy anniversary nearest the Insured’s 100th birthday].” See, for example, Policy 97515342 (USBCOI001308). Similarly, Section 8 of each of the 12 PAUL III policies at issue states, “[O]n or after the Age 100 Anniversary...[w]e will cease to take Monthly Deductions specified in Section 1, and we will not accept any further premium payments.” See, for example, Policy 97528285 (USBCOI022281).

¹¹⁰ The minimum funding level required to keep the policies from lapsing, or from entering a grace period, is defined in the policy contracts. I assume that policyholders would pay premiums sufficient to prevent lapse and also to prevent entering a grace period. I also assume that U.S. Bank intended to minimally fund these policies going forward. That is, U.S. Bank intended to, over time, pay premiums sufficient to maintain the policy in force pursuant to the contractual provisions identified in the policy forms. This assumption is consistent with the evidence I have reviewed relating to U.S. Bank’s decisions to date.

against the value of the policies after the COI rate increase and that policy owners continue with Death Benefit Option A over the remaining duration of the policy.¹¹¹

94. To estimate the future monthly COI charge had Phoenix not increased the COI rates improperly, I followed the procedure that had been in place at Phoenix prior to the rate increase. Specifically, on each policy anniversary, I assumed that the relevant COI table rate equaled the rate identified by following the applicable row in the applicable COI rate table that had been in use prior to the rate increase. I calculated the COI rate assessed against the net amount at risk in the policy also following the procedures that had been in place prior to the rate increase. Given this COI rate, I estimated the future monthly COI charge by multiplying the COI rate, the applicable banding factor, and the expected net amount at risk.

95. To estimate the future monthly COI charge given Phoenix's improper increase in COI rates, I followed the procedure used by Phoenix following the rate increase. Specifically, on each policy anniversary, I identified the relevant old COI rate and the new COI table rate. For the 2010 rate increase, I calculated the change in COI rate used by applying the formula as described above in Section IX.A. For the 2011 rate increase, I identified the new COI rate using the new table rates applicable to the policy. Given this COI table rate, I estimated the future monthly COI charge by multiplying the COI table rate, applicable banding factor, and the expected net amount at risk.

96. Given the estimates of the future monthly COI charges with and without the COI rate increases, the service charges identified in the policies, and the assumption that Phoenix would credit monthly interest at the annualized rate of 4%, I calculated the monthly premiums required

¹¹¹ Exhibit 3 shows that, at the effective dates of the COI rate increase, the Option A Death Benefit applied to the 33 policies at issue. I assume that U.S. Bank did not intend to change the death benefit option and that it did not intend to make withdrawals from the policy. Both assumptions are consistent with the evidence I have reviewed relating to U.S. Bank's decisions to date.

to maintain the policy in force. The difference between the estimated monthly premium required to maintain the policy in force with and without the rate increase equals the future monthly excess premium produced by the improper COI rate change. The likelihood that a policy owner would be required to make this excess premium payment on a particular premium due date depends on whether the insured life would survive to that date. Thus, the expected future monthly excess premium equals the likelihood of the insured life having survived up until the time of the requisite excess premium payment times the amount of the excess premium payment. I use the ultimate mortality tables compiled by the Society of Actuaries that are publicly available on its website to form estimates of the likelihood of survival.¹¹²

97. The expected future monthly excess premium payments necessitated by the COI rate increases are expected to occur in the months following the imposition of the rate increase. Thus, the expected future monthly excess premium payments need to be discounted back to the time of the imposition of the rate increase to ensure comparability. I discount the expected future monthly excess premium payments at both the then-expected risk free rates and at a discount rate that incorporates a risk premium. A risk premium is only relevant to the extent that the expected future monthly excess premium payments co-vary with systematic risk.¹¹³ I use the

¹¹² See “Appendix C-Primary Tables (Excel Spreadsheet) – revised 02.16.09, including temporary smoking status unknown tables” found at <http://www.soa.org/research/experience-study/ind-life/valuation/2008-vbt-report-tables.aspx>.

¹¹³ As a matter of economic principles, investors are compensated for systematic risk. Systematic risk relates to the risk that the future expected additional monthly premium payments would be expected to increase or decrease coincident with overall increases or decreases in the value of a broadly diversified portfolio of other market investments. To the extent that future COI rate changes or interest rate crediting in excess of 4% are related to overall market conditions, some exposure to systematic risk may be warranted. However, I note that this exposure is expected to be limited because, for example, the amount of interest credited must be equal to or greater than 4% regardless of market fluctuations, and Phoenix had not changed COI rates in the past despite the fact that there were historical market fluctuations (see, for example, the fluctuations in the performance of the S&P 500 available under the ticker GSPC at <http://finance.yahoo.com/>).

then-promised yields on U.S. Treasury Zero Coupon Strips as a proxy for the then-expected risk free rate, and an equity risk premium based on a practitioner survey.¹¹⁴

98. Exhibit 8 presents the results of my discounted cash flow analysis. As of the date of my report, applying a prejudgment interest rate of 9% to the policy-specific estimate of the decline in value¹¹⁵ results in a total expected decrease in policy values, across all policies, with prejudgment interest, of \$13.7 million when discounting at the risk free rate, and \$10.6 million when discounting at the risk free rate plus a premium.¹¹⁶

B. Plaintiff Has Paid Excess Premium Payments to Date Due to the Improper COI Rate Increases

99. As a result of the imposition of the rate increases, U.S. Bank has made additional premium payments to date that it would not have made had the rate increase not occurred. The additional out-of-pocket expenses incurred by U.S. Bank can be estimated using information pertaining to the actual premiums paid to date by U.S. Bank and monthly estimates of the future premium payments that would have resulted had Phoenix not improperly changed the COI rates assessed against these policies.

100. I understand that pursuant to its acquisition of the policies, Plaintiff either made premium payments or was required to reimburse the prior policy owners for premium payments made as of October 21, 2010, forward. U.S. Bank prepared a file identifying the amount and date of premium payments made for each of the policies at issue.¹¹⁷ The actual premiums paid to date varied policy by policy and month by month.

¹¹⁴ John R. Graham and Campbell R. Harvey, "The Equity Risk Premium in 2010," Duke University, National Bureau of Economic Research, Version August 9, 2010, Table 1.

¹¹⁵ I was asked by counsel to assume a rate of 9% simple interest for the purposes of this calculation.

¹¹⁶ These figures, which include prejudgment interest, are summarized in Exhibit 8b.

¹¹⁷ See Complete Premium Payment History identified in USBCOI1259577–82.

101. To estimate the monthly amount of the future premium payments that would have resulted had Phoenix not improperly changed the COI rates assessed against these policies, I use a method similar to that employed in Section X.A. Specifically, I assumed that U.S. Bank would have paid monthly premium payments sufficient to maintain the policy in force given the contractual terms found in the policy forms. However, whereas in Section X.A I assumed that Phoenix would credit interest at the contractual minimum obligation of 4%, in this calculation I use the rate of interest actually credited by Phoenix. Moreover, whereas Section X.A dealt with the expected future additional premiums to be paid, this calculation deals with the actual additional premium paid to date. Since whether an insured life survived or died is known, this calculation does not require an estimate of the probability of survival to date of the insured life.

102. Exhibit 9 provides estimates of the actual amount of additional premiums paid to date by U.S. Bank as a result of the improper rate increases. As of the date of my report, applying a prejudgment interest rate of 9% to the additional premiums paid to date results in a total to date of \$3.2 million.

Executed this 4th day of October, 2013, in Menlo Park, California.



Mark Browne, Ph.D.

Exhibit 1

VITA: MARK JOSEPH BROWNE **Robert Clements Distinguished Chair in Risk Management and Insurance**

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ACADEMIC SUMMARY

Ph.D. University of Pennsylvania, 1989
Major Area: Risk Management and Insurance (The Wharton School)
Minor Area: Economics, Statistics
Dissertation Title: "Evidence of Adverse Selection in the Individual Health Insurance Market"

M.A. University of Pennsylvania, 1986
Major Area: Risk Management and Insurance (The Wharton School)

B.S. Economics University of Pennsylvania, 1981
Major Area: Risk Management and Insurance (The Wharton School)

ACADEMIC EXPERIENCE

Primary Appointment

September 2013 – present	Department Chair, School of Risk Management Tobin College of Business, St. John's University
June 2001 – August 2013	Professor of Risk Management and Insurance, School of Business, University of Wisconsin–Madison
August 2010 – Dec. 2012	Dept Chair, Actuarial Science, Risk Management, and Insurance School of Business, University of Wisconsin–Madison
January 2005 – May 2007	Associate Dean of Undergraduate Programs, School of Business University of Wisconsin–Madison
June 2001 – August 2006	Dept Chair, Actuarial Science, Risk Management, and Insurance School of Business, University of Wisconsin–Madison
June 1995 – June 2001	Associate Professor of Risk Management and Insurance School of Business, University of Wisconsin–Madison
August 1992 – June 1995	Assistant Professor of Risk Management and Insurance School of Business, University of Wisconsin–Madison

January 1988 – July 1992	Assistant Professor of Risk Management and Insurance The University of Georgia
Summer 1986, 1987	Health Economics Lecturer, Rutgers University–Camden

Secondary Appointments

Associate Member, Munich Risk and Insurance Center, Ludwig Maximilians Universitat (Munich, Germany)

Board Member, International Research Advisory Board, Risk and Insurance Research Center,
National Chengchi University (Taipei, Taiwan)

SPECIAL HONORS AND AWARDS

Huebner Foundation Fellowship, 1983–1987
CPCU - Harry J. Loman Foundation Award, 1991
International Insurance Society, Research Award, 1997
Beta Gamma Sigma Dean's Award for Teaching Excellence, 2000
Larsen Award for Teaching Excellence, 2002
Vilas Research Fellow, 2000–2002
Shin Research Award, International Insurance Society, 2000, 2002, 2004
ARIA Award for Teaching Excellence, American Risk and Insurance Association, 2008
Erskine Fellowship, University of Canterbury (Christchurch, NZ), 2012

PUBLICATIONS

Journal Articles

Mark J. Browne and James S. Trieschmann, “[Salary and Benefit Compensation at American Research Universities](#),” *Journal of Risk and Insurance*, September 1991, Vol. 58, No. 3, 513–524.

Mark J. Browne, “[Evidence of Adverse Selection in the Individual Health Insurance Market](#),” *Journal of Risk and Insurance*, March 1992, Vol. 59, No. 1, 13–33.

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“Theory and Evidence of Subsidization by Income Class in Group Health Insurance,” American Risk and Insurance Association Annual Meeting, August 1989.

“National Economic Growth and the Insurance Sector of a Nation's Economy,” Southern Risk and Insurance Association Meeting, November 1989 (with Kihong Kim).

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Browne, Mark (Author Only), Kamiya, Shinichi (Presenter & Author), "The Demand for Underwriting," European Group of Risk and Insurance Economists, Toulouse, France (September 2008).

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Browne, Mark (Presenter & Author), Ju, Lan (Author Only), Kamiya, Shinichi (Presenter & Author), "Coalition Proof Incentives and the Use of Contingent Commissions: Evidence from the Insurance Underwriting Cycle," American Risk and Insurance Association, San Diego (August 2008).

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Browne, Mark (Author Only), Zhou-Richter, Tian (Presenter & Author), Grundl, Helmut (Author Only), "Don't They Care? Or, Are They Just Unaware? Risk Perception and the Demand for Long-Term Care Insurance," EGRIE, Bergen, Norway (November 22, 2009).

Browne, Mark (Presenter & Author), "Market Imperfections and the Demand for Long-Term Care Insurance," The University of Georgia, Athens, GA (April 2, 2010).

Browne, Mark (Author Only), Kamiya, Shin-ichi (Presenter & Author), "A Theory of the Demand for Underwriting," Risk Theory Society, Athens, GA (April 18, 2010).

Browne, Mark (Author Only), Lan Ju, and Yu Lei, "Insurer Reserve Estimation: Reinsurers, Brokers and the Taxman," World Risk and Insurance Economics Conference, Singapore (July 25-29, 2010).

Browne, Mark, Carolyn A. Dehring, David L. Eckles, and William D. Lastrappes, "Does National Flood Insurance Program Participation Induce Excessive Development in High-Risk Areas? Evidence from Florida Counties," American Real Estate and Urban Economic Association, Denver (January 2011).

Browne, Mark, and Annette Hofmann, "One-Sided Commitment in Dynamic Insurance Contracts: Evidence from Private Health Insurance in Germany," American Risk and Insurance Association, Denver (January 2011).

Browne, Mark, and Annette Hofmann, "One-Sided Commitment in Dynamic Contracts: Evidence from Private Health insurance in Germany," Goethe University, Frankfurt, Germany (May 2011).

Browne, Mark (Presenter & Author), "One-Sided Commitment in Dynamic Contracts: Evidence from Private Health Insurance in Germany," Temple University, Philadelphia (February 2011).

Browne, Mark, "Insurance Economics and Bad Faith," Rutgers University–Camden (February 2012).

Lei, Yu, and Mark Browne, "Underwriting Strategy and the Underwriting Cycle in the Medical Malpractice Insurance Industry," American Risk and Insurance Association, Minneapolis (August 2012).

Browne, Mark, Christian Knoller, and Andreas Richter, "Insuring my Bicycle or my House? Behavioral Biases and the Demand for Flood Insurance," European Group of Risk and Insurance Economists, Palma de Mallorca (September 2012).

RESEARCH AND PUBLICATIONS IN PROGRESS

Articles in Review

Lan Ju and Mark J. Browne, "Coalition-Proof Incentives and the Use of Contingent Commissions: Evidence from the Insurance Underwriting Cycle."

Mark Browne, Carolyn A. Dehring, David L. Eckles, and William D. Lastrappes, "Does National Flood Insurance Program Participation Induce Excessive Development in High-Risk Areas? Evidence from Florida Counties."

Shinichi Kamiya and Mark Browne, "Active Screening in Insurance Markets."

Mark Browne, Christian Knoller, and Andreas Richter, "Insuring my Bicycle or my House? Behavioral Biases and the Demand for Flood Insurance."

Research in Progress

Yu Lei and Mark Browne, "Underwriting Strategy and the Underwriting Cycle in the Medical Malpractice Insurance Industry."

RESEARCH SUPPORT

"Economic and Market Predictors of Insolvencies in the Property and Casualty Insurance Industry," CPCU - Harry J. Loman Award, 1992 (with Robert E. Hoyt), \$2,500.

"State Restrictions on Health Insurance Underwriting Criteria," University of Georgia Foundation for Research, 1992, \$3,900.

"Prohibitions on Health Insurance Underwriting: A Means of Making Health Insurance Available and Affordable or a Cause of Market Failure?" University of Wisconsin–Madison, 1996, \$17,224.

"Economic and Market Predictors of Insolvencies in the Life Insurance Industry," Society of Actuaries, 1996
(with Robert E. Hoyt and James Carson), \$38,000.

"Prohibitions on Health Insurance Underwriting: A Means of Making Health Insurance Available and Affordable or A Cause of Market Failure?" Agency for Health Care Policy and Research (National Institutes of Health)
(with Edward W. Frees), \$230,283.

\$94,378 grant with Employers Reinsurance – GE Insurance Solutions to conduct and publish a survey of primary insurance companies to arrive at a Reinsurance Price Index, 2004 (with Dan Anderson & Joan Schmit).

TEACHING

Undergraduate

Employee Benefits Management
Government Insurance Programs
Property Risk Management
Introduction to Insurance
Commercial Lines Insurance
Advanced Property Insurance
Health Insurance Financing
Corporate Risk Management

MBA

Health Insurance Seminar
Property Risk Management

Ph.D.

Property and Casualty Insurance Seminar
Life and Health Insurance Seminar

Dissertation Committees

Robert Puelz, Ph.D., 1991, Committee Member, completed
Kihong Kim, Ph.D., 1992, Committee Chair, completed
Han-Duck Lee, Ph.D., 1992, Committee Member, completed
James Michael Carson, Ph.D., 1993, Committee Member, completed
Linda Leetch, Ph.D., 1994, Committee Member, completed
Jaewook Chung, Ph.D., 1996, Committee Chair, completed
David Mott, Ph.D., 1997, Committee Member, completed
Yu Luen Ma, Ph.D., 1999, Committee Chair, completed
Nat Pope, Ph.D., 1999, Committee Member, completed
Julie M. Ganther, Ph.D., 2000, Committee Member, completed
Yu (Jack) Luo, Ph.D., 2000, Committee Member, completed
Jia-Hsing (Jason) Yeh, Ph.D., 2000, Committee Member, completed
Wenjiu (Jerry) Liu, 2001, Committee Chair, completed
Richard Cline, Ph.D., 2001, Committee Member, completed
Dana Kerr, Ph.D., 2002, Committee Member, completed
Yu Lei, Ph.D., 2004, Committee Chair, completed
Ping Wang, Ph.D., 2005, Committee Co-Chair, completed
Yayuan Ren, Ph.D., 2006, Committee Member, completed
Jie Gao, Ph.D., 2007, Committee Member, completed
Lan Ju, Ph.D., 2008, Committee Chair, completed
Ray Gilmore, Ph.D., 2010, Committee Chair, completed
Yunjie (Winnie) Sun, Ph.D., 2010, Committee Member, completed
Cuncun Luan, Committee Chair, current.
Chunyan Zhang, Committee Chair, current
Joyce Lin, Committee member, current

PROFESSIONAL AFFILIATIONS

American Economics Association
American Risk and Insurance Association
European Group of Risk and Insurance Economists
Risk Theory Society

Testimony of Mark Joseph Browne in the Previous Four Years

1. *Conseco Life Insurance Co. Lifetrend Insurance Sales and Marketing Litigation*
Case No. 3:10-md-2124-SI
United States District Court, Northern District of California, San Francisco Division
October 26, 2012, Deposition
Description: Life Insurance Class Action
2. *Aetna Better Health, Inc. v. Michael B. Colbert et al.*
Case No. 12-CV-7968
In the Court of the Common Pleas, Franklin County, OH
August 7, 2012, Deposition
Attorney: Mark Chilson
Description: Medicaid Managed Care
3. *Southern Family Insurance Company v. United State of America,*
Case No. 8:05-CV-2158-T-26-MAP,
United States District Court for the Middle District of Florida, Tampa Division
September 10, 2010, Deposition
Attorney: Michael Wilcove
Description: Insurance industry practices
4. *Molecular Biology Resources, Inc. v. Cincinnati Insurance Company*
Case No. 09-CV-017515
State of Wisconsin, Circuit Court, Milwaukee County
July 14, 2010, Deposition
Attorney: Jennifer Baumann
Description: Business income insurance
5. *Miller, et al. v. Safeco Insurance Company*
Federal Case No. 06-C-1021
January 15, 2010, Deposition
Attorney: Anthony Murdock
Description: Homeowners' Insurance

Exhibit 2

Documents Considered

Document Title/Description	Date Bates Range
<u>Legal Documents</u>	
Complaint for: 1. Breach of Contract; 2. Breach of the Implied Covenant of Good Faith and Fair Dealing; 3. Violation of Cal. Bus. & Prof. Code § 17200; 4. Violation of Cal. Bus. & Prof. Code § 17500.; and 5. Declaratory Relief	11/16/2011
Martin Fleisher et al., v. Phoenix Life Insurance Company, Case No. 11 Civ. 8405 - Memorandum of Law in Support of Plaintiffs' Motion for Class Certification	
Martin Fleisher et al., v. Phoenix Life Insurance Company, Case No. 11 Civ. 8405 - Declaration of Larry N. Stern in Support of Plaintiffs' Motion for Class Certification, with Exhibits A-B	1/11/2013
Martin Fleisher et al., v. Phoenix Life Insurance Company, Case No. 11 Civ. 8405 - Declaration of Brian P. Perryman in Support of Defendant Phoenix Life Insurance Company's Opposition to Plaintiffs' Motion for Class Certification, with Exhibit B	1/11/2013
Martin Fleisher et al., v. Phoenix Life Insurance Company, Case No. 11 Civ. 8405 - Declaration of Douglas A. French in Support of Defendant Phoenix Life Insurance Company's Opposition to Plaintiffs' Motion for Class Certification, with Exhibits 1-3	2/1/2013
Martin Fleisher et al., v. Phoenix Life Insurance Company, Case No. 11 Civ. 8405 - Declaration of Gina Collopy O'Connell in Support of Defendant Phoenix Life Insurance Company's Opposition to Plaintiffs' Motion for Class Certification, with Exhibits A-E	2/1/2013
Martin Fleisher et al., v. Phoenix Life Insurance Company, Case No. 11 Civ. 8405 - Declaration of Robert Mills, with Appendices A-B and Exhibit 1	2/15/2013
State of Wisconsin - Notice of Hearing for Case No. 13-C35362, In the Matter of PHL Variable Insurance Company	4/30/2013
Second Amended Complaint	5/14/2013
<u>Depositions</u>	
Transcript of the Deposition of Gina O'Connell (Day 1), with Exhibits	6/18/2013
Transcript of the Deposition of Gina O'Connell (Day 2), with Exhibits	6/19/2013
Transcript of the Deposition of Stuart Kwassman, with Exhibits	7/11/2013
Transcript of the Deposition of Byron Frank, with Exhibits	7/16/2013
Transcript of the Deposition of Philip Polkinghorn, with Exhibits	7/23/2013
Transcript of the Deposition of Nick Fegan, with Exhibits	7/24/2013
Transcript of the Deposition of Brian Lemek, with Exhibits	7/25/2013
Transcript of the Deposition of Douglas Thomas, with Exhibits	7/26/2013
Transcript of the Deposition of Thomas Buckingham, with Exhibits	7/29/2013
Transcript of the Deposition of Christopher A. Macklem, with Exhibits	7/30/2013
Transcript of the Deposition of Douglas Joseph Cardoni, with Exhibits	8/1/2013
Transcript of the Deposition of Louis DiGiacomo, with Exhibits	8/6/2013
Transcript of the Deposition of Ola Eriksson (Day 1), with Exhibits	8/6/2013
Transcript of the Deposition of Ola Eriksson (Day 2), with Exhibits	8/7/2013
Transcript of the Deposition of Rodney Hutter, with Exhibits	8/12/2013
Transcript of the Deposition of Zafar Rashid, with Exhibits	8/13/2013
Transcript of the Deposition of Shiela Companie, with Exhibits	8/14/2013
Transcript of the Deposition of Anthony Jacobson, with Exhibits	8/19/2013
Transcript of the Deposition of Scott Rose, with Exhibits	8/22/2013
Transcript of the Deposition of Gina O'Connell (Day 3), with Exhibits	8/28/2013
Transcript of the Deposition of Gina O'Connell (Day 4), with Exhibits	8/29/2013
Transcript of the Deposition of Dona Young, with Exhibits	8/30/2013
<u>Academic Literature</u>	
Anderson, James C. H., "The Universal Life Insurance Policy," published in <i>Emphasis</i> in November 1975	
Aspinwall, Jim, Geoff Chaplin, and Mark Venn, <i>Life Settlements and Longevity Structures: Pricing and Risk Management</i> (West Sussex, UK: John Wiley & Sons Ltd, 2009)	
Atkinson, David B., and James W. Dallas, <i>Life Insurance Products and Finance: Charting a Clear Course</i> (Schaumburg, IL: The Society of Actuaries, 2000)	
Black, Kenneth, Jr., Harold D. Skipper, and Kenneth Black III, <i>Life Insurance</i> , 14th ed. (Lucretian LLC, 2013)	
Graham, John R., and Campbell R. Harvey, "The Equity Risk Premium in 2010," Duke University, National Bureau of Economic Research, Version August 9, 2010	
Doll, Douglas C., "A Brief History of Universal Life"	
<u>Public Documents</u>	
Press Release: "Phoenix Introduces New Universal Life Insurance Policies with Guaranteed Death Benefit and New Surrender Value Rider," <i>Business Wire</i>	6/19/2003
Press Release: "Phoenix Accumulator UL Balances Protection and Cash Accumulation; Phoenix Expands on Its Heritage of Insurance Product Innovation with the Launch of Phoenix Accumulator," <i>Business Wire</i>	4/3/2006
Phoenix Companies - Keefe, Bruyette & Woods Insurance Conference Transcript,	9/7/2006

Exhibit 2

Documents Considered

Document Title/Description	Date	Bates Range
Phoenix Q3 2006 Earnings Call	10/26/2006	
Phoenix Q4 2006 Earnings Call	2/1/2007	
PHL Variable Insurance Company Form 10-K for the Fiscal Year Ended December 31, 2007	3/18/2008	
PHL Variable Insurance Company Form 10-K for the Fiscal Year Ended December 31, 2008	3/30/2009	
PHL Variable Insurance Company Form 10-K for the Fiscal Year Ended December 31, 2009	3/23/2010	
Phoenix Companies Q1 2010 Earnings Call Transcript, Bloomberg	5/4/2010	
The Phoenix Companies, Inc. Form 10-Q for the Quarterly Period Ended March 31, 2010	5/10/2010	
Case Materials		
Letters to State Insurance Departments, Re: New Submission, U606.1, UR77, UR79	1/8/2002	PHL0656841-PHL0656948
PHL Variable Insurance Company - Actuarial Memorandum (NY)	2/5/2002	PHL0032502-PHL0032513
Phoenix Accumulator Trademark Registration	2/25/2003	
"Phoenix Introduces New Universal Policies with Guaranteed Death Benefit and New Surrender Value Rider," Business Wire	6/19/2003	
Certification of Compliance NAIC Life Illustrations Model Regulation & Actuarial Standard of Practice No. 24 - Policy Form U606/U607 - Marketing Name: Phoenix Accumulator Universal Life (PAUL)	10/30/2003	PHL0775693-PHL0775698
Email from S. Kwassman, to R. Priest, Subject: Phoenix - NY Audit - File No. 0211129	12/22/2003	PHL0574391-PHL0574393
E-mail from Swenson to Byron Frank	2/13/2004	PLIC0774354-PLIC0774357
Certification of Compliance NYS Reg 4228 & Actuarial Standards of Practice No. 24 - Policy Form U606/U607 - Marketing Name: Phoenix Accumulator Universal Life (PAUL)	3/15/2004	PHL0174526-PHL0174534
Illustration Actuary Testing - Self-Support & Lapse Support Tests	9/21/2004	PHL0580136-PHL0580136
Email exchange from M. Katcher and S. Kwassman, Subject: Illustration Actuary Testing - Sensitivity Tests PAUL and PEL	9/28/2004	PHL0580133-PHL0580135
PAUL II No. 97513181 - Policy	5/12/2005	USBCOI000311-USBCOI000357
PAUL II No. 97513959 - Policy	7/20/2005	USBCOI191214-USBCOI191275
PAUL II No. 97513963 - Policy	7/20/2005	USBCOI191276-USBCOI191337
PAUL II No. 97513947 - Policy	7/22/2005	USBCOI000753-USBCOI000804
PAUL II No. 97514311 - Policy	8/13/2005	USBCOI188537-USBCOI188612
PAUL II No. 97514213 - Policy	8/23/2005	USBCOI000559-USBCOI000622
PAUL II No. 97514277 - Policy	8/25/2005	USBCOI000932-USBCOI000980
PAUL II No. 97514279 - Policy	8/25/2005	USBCOI001100-USBCOI001148
Flexible Premium Life Insurance Policy for Policy 97514279	8/25/2005	USBCOI001100 -USBCOI001148
PAUL II No. 97535603 - Policy	10/25/2005	USBCOI214816-USBCOI214877
Annual Policy Summary - Phoenix Accumulator II, Policy No. 97303991, 11/1/09 - 10/31/10	11/1/2005	PLIC0818872-PLIC0818874
Annual Policy Summary - Phoenix Accumulator II, Policy No. 97303991, 11/1/10 - 10/31/11	11/1/2005	PLIC0818875-PLIC0818878
Annual Policy Summary - Phoenix Accumulator II, Policy No. 97303991, 11/1/11 - 10/31/12	11/1/2005	PLIC0818879-PLIC0818882
PAUL II No. 97515342 - Policy	11/12/2005	USBCOI001277-USBCOI001332
PAUL II No. 97515795 - Policy	11/12/2005	USBCOI008188-USBCOI008246
Flexible Premium Life Insurance Policy for Policy 97515342	11/12/2005	USBCOI001277 -USBCOI001332
Flexible Premium Life Insurance Policy for Policy 97515795	11/12/2005	USBCOI008188 -USBCOI008246
PAUL II No. 97516376 - Policy	11/30/2005	USBCOI191928-USBCOI191975
PAUL II No. 97515596 - Policy	12/9/2005	USBCOI001438-USBCOI001497
PAUL II No. 97515597 - Policy	12/9/2005	USBCOI001609-USBCOI001668
Flexible Premium Life Insurance Policy for Policy 97515596	12/9/2005	USBCOI001438 -USBCOI001497
Flexible Premium Life Insurance Policy for Policy 97515597	12/9/2005	USBCOI001609 -USBCOI001668
Email from M. Katcher to B. Frank, Subject: Urgent response required - Product decision required	12/14/2005	PHL0792269-PHL0792271
Email from M. Katcher to T. Marzik and P. Polkinghorn, Re: prepare to forward edited version to RMDs or have a call, have Mitch review	12/18/2005	PHL0792561-PHL0792562
PAUL II No. 97515743 - Policy	12/22/2005	USBCOI192469-USBCOI192520
PAUL II No. 97515745 - Policy	12/22/2005	USBCOI192521-USBCOI192572
Email from B. Frank to B. Lautensack, Subject: PAUL II - older age pricing (70-79)	1/13/2006	PHL0584080-PHL0584082
PAUL II No. 97516379 - Policy	1/25/2006	USBCOI192818-USBCOI192865
Phoenix Accumulator Universal Life (III) - Product and Pricing Review	1/27/2006	PHL0508566-PHL0508589
PAUL II No. 97515667 - Policy	2/2/2006	USBCOI190661-USBCOI190710
PAUL II No. 97516375 - Policy	2/7/2006	USBCOI188387-USBCOI188452
PAUL II No. 97516389 - Policy	2/8/2006	USBCOI193246-USBCOI193293
PAUL II No. 97516394 - Policy	2/10/2006	USBCOI193099-USBCOI193141
2005 Certification of Compliance with the Illustration Actuary Self Support Tests	2/27/2006	PHL0564947-PHL0564960
Email from R. Lombardi to D. Nemphos, Subject: UL Earnings- February GAAP Closing	3/15/2006	PHL0882310-PHL0882311
2005 Certification of Compliance with the Illustration Actuary Self Support Tests	3/28/2006	PHL0564345-PHL0564359
2005 Certification of Compliance with the Illustration Actuary Self Support Tests	3/28/2006	PHL0564961-PHL0564975
2005 Certification of Compliance with the Illustration Actuary Self Support Tests	3/28/2006	PHL0775201-PHL0775215
2005 Certification of Compliance with the Illustration Actuary Self Support Tests	4/20/2006	PHL0756072-PHL0756086

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Document Title/Description	Date	Bates Range
Email from J. Dinius to A. Montemerlo, Subject: Phoenix - Draft of 1st Qtr. Actuarial Report	4/25/2006	PwC_USB_088776-PwC_USB_088783
PAUL III No. 97518600 - Policy	7/12/2006	USBCOI191557-USBCOI191592
PAUL III No. 97518606 - Policy	7/12/2006	USBCOI191593-USBCOI191628
PAUL III No. 97519065 - Policy	10/10/2006	USBCOI189182-USBCOI189224
PAUL III No. 97518647 - Policy	10/10/2006	USBCOI191456-USBCOI191489
PAUL III No. 97519064 - Policy	10/10/2006	USBCOI191490-USBCOI191523
PAUL III No. 97519088 - Policy	11/3/2006	USBCOI007745-USBCOI007786
Flexible Premium Life Insurance Policy for Policy 97519088	11/3/2006	USBCOI007745 -USBCOI007786
Non-Guaranteed Element Update from the American Academy of Actuaries' Life Reserves Work Group; Presented to the National Association of Insurance Commissioners' Life and Health Actuarial Task Force	11/6/2006	TW-PF-00001182-00001187
PAUL III No. 97519155 - Policy	11/15/2006	USBCOI191524-USBCOI191556
PAUL III No. 97519664 - Policy	11/29/2006	USBCOI191348-USBCOI191383
PAUL III No. 97519674 - Policy	11/29/2006	USBCOI191384-USBCOI191419
PAUL III No. 97519675 - Policy	11/29/2006	USBCOI191420-USBCOI191455
2006 Certification of Compliance with the Illustration Actuary Self Support Tests	3/19/2007	PHL0564360-PHL0564374
2006 Certification of Compliance with the Illustration Actuary Self Support Tests	3/19/2007	PHL0564753-PHL0564767
2006 Certification of Compliance with the Illustration Actuary Tests	3/19/2007	PHL0564768-PHL0564783
2006 Certification of Compliance with the Illustration Actuary Tests	3/19/2007	PHL0564784-PHL0564799
2006 Certification of Compliance with the Illustration Actuary Self Support Tests	3/19/2007	PHL0564976-PHL0564990
2006 Certification of Compliance with the Illustration Actuary Tests	3/19/2007	PHL0564991-PHL0565004
2006 Certification of Compliance with the Illustration Actuary Tests	3/19/2007	PHL0565005-PHL0565018
2006 Certification of Compliance with the Illustration Actuary Tests	3/19/2007	PHL0775241-PHL0775255
2006 Certification of Compliance with the Illustration Actuary Tests	3/19/2007	PHL0775762-PHL0775776
PAUL III No. 97522375 - Policy	5/25/2007	USBCOI183487-USBCOI183522
Annual Policy Summary - Phoenix Accumulator, Policy No. 97304872, 10/12/09 - 10/11/10	10/12/2007	PLIC0821108-PLIC0821111
Annual Policy Summary - Phoenix Accumulator, Policy No. 97304872, 10/12/10 - 10/11/11	10/12/2007	PLIC0821112-PLIC0821115
Email from P. Matson to B. Frank and M. Zhu, Re: EC project: PAUL III_Illustration data for premium schedule	1/15/2008	PLIC0734495-PLIC0734498
2007 Certification of Compliance with the Illustration Actuary Tests	2/12/2008	PHL0564410-PHL0564425
2007 Certification of Compliance with the Illustration Actuary Tests for in Force Policies	2/22/2008	PHL0032780-PHL0032787
2007 Certification of Compliance with the Illustration Actuary Tests	2/22/2008	PHL0564426-PHL0564442
2007 Certification of Compliance with the Illustration Actuary Tests	2/22/2008	PHL0564443-PHL0564458
2007 Certification of Compliance with the Illustration Actuary Tests	2/22/2008	PHL0564800-PHL0564815
2007 Certification of Compliance with the Illustration Actuary Tests	2/22/2008	PHL0564816-PHL0564831
2007 Certification of Compliance with the Illustration Actuary Tests	2/22/2008	PHL0564832-PHL0564847
2007 Certification of Compliance with the Illustration Actuary Tests	2/22/2008	PHL0564868-PHL0564883
2008 Certification of Compliance with the Illustration Actuary Tests	2/22/2008	PHL0564884-PHL0564902
2008 Certification of Compliance with the Illustration Actuary Tests	2/22/2008	PHL0564903-PHL0564921
2007 Certification of Compliance with the Illustration Actuary Tests	2/22/2008	PHL0565019-PHL0565034
2007 Certification of Compliance with the Illustration Actuary Tests for in Force Policies	2/22/2008	PHL0574669-PHL0574676
2007 Certification of Compliance with the Illustration Actuary Tests	2/22/2008	PHL0598356-PHL0598381
2007 Certification of Compliance with the Illustration Actuary Tests	2/22/2008	PHL0598778-PHL0598803
PAUL III No. 97528285 - Policy	2/25/2008	USBCOI022270-USBCOI022314
2008 Project X, Product Specifications Version 1	8/26/2008	PHL0591573-PHL0591579
Email from J. Guillotte to B. Lemek, Subject: Project X - Interim Rates	10/23/2008	PHL0592347-PHL0592352
PAUL IIC - Inforce	12/31/2008	PHL0648006-PHL0648006
PAUL IIC - Inforce 1% COI Increase pol Year 6 Grading to 10% year 10+ for Ages 68+, Face \$3M+	12/31/2008	PHL0648007-PHL0648007
PAUL IIC - Inforce 15% COI Increase for Ages 68+, Face \$3M+, Policy Years 16+	12/31/2008	PHL0648008-PHL0648008
PAUL IIC - Inforce - 50% COI Increase for Ages 68+, Face \$3M+, Policy Years 13+	12/31/2008	PHL0648010-PHL0648010
Email Exchange between K. Underwood and B. Frank, Subject: Annual Illustration Actuary Certification	2/26/2009	PHL0598352-PHL0598355
2008 Certification of Compliance with the Illustration Actuary Tests	3/4/2009	PHL0564922-PHL0564942
Email from C. Macklem, to B. Frank, Subject: Illustration Actuary	3/5/2009	PHL0648009-PHL0648009
2009 Certification of Compliance with the Illustration Actuary Tests	3/6/2009	PHL0564375-PHL0564394
2008 Certification of Compliance with the Illustration Actuary Tests	3/6/2009	PHL0564848-PHL0564867
2008 Certification of Compliance with the Illustration Actuary Tests	3/6/2009	PHL0598486-PHL0598506
Illustration Actuary - Specification for Changes to Credited Interest Rate and Cost of Insurance Rates	3/12/2009	PHL0600867-PHL0600868
Illustration Actuary - Specification for Changes to Credited Interest Rate and Cost of Insurance Rates	3/12/2009	PHL0656086-PHL0656087
Appendices A - D - Illustration Actuary Annual Certification for Calendar Year 2008	3/23/2009	PHL0598770-PHL0598777
Illustration Actuary - Specification for Changes to Credited Interest Rate and Cost of Insurance Rates - Version 1.1	3/25/2009	PHL0649757-PHL0649757

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Illustration Actuary - Specification for Changes to Credited Interest Rate and Cost of Insurance Rates, Version 1.1	3/25/2009	PHL0026197-PHL0026198
Illustration Actuary - Specification for Changes to Credited Interest Rate and Cost of Insurance Rates	4/29/2009	PHL0653094-PHL0653095
Illustration Actuary - Specification for Changes to Credited Interest Rate and Cost of Insurance Rates	5/7/2009	PHL0603022-PHL0603023
Email from K. Shannon to J. Baillargeon et al., Re: EC Documentation, with attachments	6/19/2009	PLIC0734957-PLIC0734957
UL & VUL Mortality Study 2004 – 2009q2	6/30/2009	TW-PF 1229-TW-PF 1233
Email from David Whittemore to Shiela Companie, et al. re: Towers Perrin Proposal to Phoenix Life – Potential Redetermination of COI ; [Attachment] A Proposal to Provide Universal Life Re-determination of Cost of Insurance Rates Support to Phoenix Life Insurance Company	10/2/2009	PHL0882889; PHL0882890-0882907
Towers Perrin Letter to Shiela Companie re: Engagement of Towers Perrin for Consulting Services	10/12/2009	PHL0882709-0882741
Redetermination Project Towers Perrin	10/13/2009	TW-PF 1157-TW-PF 1163
Redetermination Project: Towers Perrin	10/13/2009	TW-PF-00001157-000001163
Memorandum re Litigation Related to Non-Guaranteed Elements	10/14/2009	TW-PF 12-23; TW-PF 1142-1153
Memorandum from Stewart Citroen to Litigation File re: Litigation Related to Non-Guaranteed Elements	10/14/2009	TW-PF-00000012-00000023; TW-PF-00001142-00001153
Email from Brian Lemek to Stephanie Grass re: File Upload	10/19/2009	PHL0882950-0882953
Phoenix Life Insurance Company Redetermination Project Notes from Status Call	10/19/2009	TW-PF 1166-TW-PF 1167
Phoenix Life Insurance Company Redetermination Project Notes from Status Call	10/19/2009	TW-PF-00001166-00001167
Memorandum re Phoenix Redetermination Project	10/22/2009	TW-PF 1037-TW-PF 1040
Email from Karen King to David Whittemore, et al. re: Phoenix Redetermination Project; [Attachment] 10/22/2009 Memorandum from Karen King to NOTE TO FILE - Phoenix Redetermination Project re: Phoenix Redetermination Project; [Attachment] PAUL COI Redetermination Data Log	10/23/2009	TW-FTP000865 ; TW-FTP000866-000869 ; TW-FTP000870-000877
Email from David Weinsier to Karen King, et al. re: Phoenix Redetermination Project; [Attachment] March 2007 Memorandum from David Weinsier to Note to File re: Responses to Deutsche Bank and CIBC as to Risk of Carriers Raising COI's	10/26/2009	TW-FTP000879-000880; TW-FTP000881-000884
Memorandum re Non-Guaranteed Cost of Insurance Rates – Paul II and Paul III	10/29/2009	TW-PF 2-TW-PF 10
Memorandum from David G. Whittemore to Phoenix Life File re: Non-Guaranteed Cost of Insurance Rates – PAUL II and III	10/29/2009	TW-PF-00000002-00000010
Email from David Weinsier to Stephanie Grass and Karen King re: Phoenix Nov 2006 Standard Pricing Mortality Assumption	11/3/2009	TW-FTP000889-000890
Draft Report from David Whittemore to Shiela Companie	11/9/2009	TW-FTP000131-000145
Draft Report from David Whittemore to Shiela Companie	11/9/2009	TW-PF-00133342-00133345
Mapping Projected Funding Types in to Ultimate States	11/10/2009	TW-PF 1215-TW-PF 1227
Mapping Projected Funding Types in to Ultimate States	11/10/2009	TW-PF 1228-TW-PF 1228
Email from Stewart Citroen/Towers Perrin to Karen King re: Phoenix; [Attachment]	11/11/2009	TW-FTP000891 ; TW-FTP000892;
Handwritten Notes; [Attachment] 3/2/2006 Memorandum from John Fenton/Towers Perrin to Duncan Briggs and David Whittemore re: COI Increases; [Attachment] Document Placeholder		TW-FTP000893-000896; TW-FTP000897-0001708
Review of Policy Form Language	11/13/2009	TW-PF-00133346-00133354
Draft Report from David Whittemore and Karen King to John Flores	11/17/2009	TW-FTP000019-000034
Email from John Flores to Karen King, et al.	11/17/2009	TW-PF-00001141
Email from Karen King to John Flores, et al. ; [Attachment] 11/18/2009 Draft Report from David Whittemore and Karen King to John Flores	11/18/2009	PHL0882954-0882955; PHL0882956-0882972
Letter to John Flores	11/19/2009	TW-PF 1105-TW-PF 1141
Email from Karen King to John Flores, et al; [Attachment] 11/19/2009 Draft Report from David Whittemore and Karen King to John Flores; [Attachment] 11/19/2009 Draft Report from David Whittemore and Karen King to John Flores with Redline	11/20/2009	PHL0882973-0882975; PHL0882976-0882994; PHL0882995-0883013
Email from David Whittemore to Karen King re: NGE Memo;[Attachment] 10/29/2009 Memorandum from David Whittemore to Phoenix Life File re: Non-Guaranteed Cost of Insurance Rates – PAUL II and III	11/23/2009	TW-FTP001774; TW-FTP001775-001783
Appendix C	11/23/2009	TW-PF-00133355-00133356
Email from Karen King to Gina O'Connell, et al. re: Final Report; [Attachment] pic12428.gif	11/25/2009	TW-FTP001784-001785; TW-FTP001786
Email from Brian Lemek to Karen King re: Final Report	11/30/2009	TW-FTP001793-001797
Email from Jack Gibson to Karen King, et al. re: Phoenix – summary of call with Gina O'Connell	12/6/2009	TW-FTP001798-001799
Handwritten Notes	12/14/2009	TW-PF 1168-TW-PF 1175
Calculation of COI Thresholds for PAUL IIc and PAUL III	12/14/2009	TW-PF 1203-TW-PF 1214
Draft Report from David Whittemore and Karen King to John Flores	12/16/2009	TW-PF-00007023-00007038
Email from Ollie Sherman/Towers Perrin to Karen King, et al. re: Phoenix Outside Counsel – Response Requested	12/18/2009	TW-FTP001800-001801
Email from Pat Brooks to Karen King, et al. re: 104751: Phoenix CSA for legal review	1/6/2010	TW-FTP001834

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Document Title/Description	Date	Bates Range
Email from Karen King to David Whittemore/Towers Perrin and Stephanie Grass re: Phoenix Call; [Attachment] Appendix A and B; [Attachment] 11/19/2009 Draft Report from David Whittemore and Karen King to John Flores	1/12/2010	TW-FTP001835-001836; TW-FTP001837-001838; TW-FTP001839; TW-FTP001840-001856
Email from Mary Dronitsky/Towers Perrin to Karen King re: 104751: Phoenix CSA for legal review – Update Needed	1/14/2010	TW-FTP001893-001896
Email from Karen King to Stephanie Grass and David Whittemore/Towers Perrin re: Phoenix Draft; [Attachment] 1/21/2010 Draft Report from David Whittemore and Karen King to John Flores with Redline	1/19/2010	TW-FTP001966; TW-FTP001967-001986
Draft Report from David Whittemore and Karen King to John Flores	1/21/2010	TW-PF-00133510-00133526
Phoenix Accumulator UL II - Flexible Premium Adjustable Life Insurance - A Life Insurance Illustration, Designed for Martin Willick	1/26/2010	USBCOI189812-USBCOI189832
PAUL II No. 97535603 - Illustration	1/26/2010	USBCOI189812-USBCOI189832
Email from Karen King to Elinor Friedman and Stephanie Grass re: Phoenix Re-Determination of COI Rates Report draft for Peer Review; [Attachment] 1/27/2010 Draft Report from David Whittemore and Karen King to John Flores with Redline	1/26/2010	TW-FTP001998; TW-FTP001999-002017
Draft Report from David Whittemore and Karen King to John Flores with Redline	1/27/2010	TW-FTP000170-000188
Draft Report from David Whittemore and Karen King to John Flores	1/27/2010	TW-PF-00007077-00007094
Email from Karen King to Stephanie Grass, et al. re: Phoenix Draft of Final Report; [Attachment] Attachment A; [Attachment] Attachment B; [Attachment] 2/3/2010 Draft Report from David Whittemore and Karen King to John Flores	2/1/2010	TW-FTP002018; TW-FTP002019; TW-FTP002020; TW-FTP002021-002039
Email from Gina O'Connell to Karen King and Shiela Companie re: Checking in	2/2/2010	TW-FTP002040-002041
Email from B. Frank to R. Stone, Subject: Older Age UL Business - COI Rate Increase	2/3/2010	PHL0760765-PHL0760765
Draft Report from David Whittemore and Karen King to John Flores	2/3/2010	TW-FTP000101-000116
Draft Report from David Whittemore and Karen King to John Flores with Redline	2/3/2010	TW-FTP000208-000226
Email from Karen King to Kathleen McGah and Gina O'Connell re: Phoenix Draft Report; [Attachment] 2/16/2010 Draft Report from David Whittemore and Karen King to Kathleen McGah	2/16/2010	PHL0884007; PHL0884008-0884023
Draft Report from David Whittemore and Karen King to Kathleen McGah	2/16/2010	TW-FTP000117-000130
Letter from J. Bonfitto, Phoenix, to K. Nelligan, New York Insurance Department, Subject: Informational Submission	2/22/2010	PHL016457-PHL016457
Letter from J. Bonfitto (Phoenix) to K. Nelligan (NYID), Re: Revised Current Non-Guaranteed Cost of Insurance Rates for Forms 05PAUL, 05ITR, U607 NY, and UR88 NY, with attachments	2/22/2010	PHL016457, PHL016458-566, PHL016567-639
Email from Karen King to Stephanie Grass, et al. re: Phoenix Updated Draft for Review; [Attachment] 2/23/2010 Draft Report from David Whittemore and Karen King to Kathleen McGah with Redline	2/23/2010	TW-FTP002129; TW-FTP002130-002144
Draft Report from David Whittemore and Karen King to Kathleen McGah	2/23/2010	TW-PF-00133606-00133618
Email from David Weinsier to David Whittemore, et al. re: Phoenix Updated Draft for Review	2/25/2010	TW-FTP002145-002146
Email from B. Frank to G. O'Connell, Subject: PAUL 2C and PAUL 3 rates	2/26/2010	PHL0724096-PHL0724096
Draft Report from David Whittemore and Karen King to Kathleen McGah with Redline	3/3/2010	TW-FTP000464-000478
Draft Report from David Whittemore and Karen King to Kathleen McGah	3/3/2010	TW-PF-00133619-00133631
Email from B. Lemek, to G. O'Connell, Subject: Illustration Actuary Testing	3/4/2010	PHL0756071-PHL0756071
Letter from Customer Care Center, to Policyholder, Re: Policy 97513181	3/8/2010	
PAUL II No. 97513181 - COI Letter	3/8/2010	USBCOI000298-USBCOI000298
PAUL II No. 97515667 - COI Letter	3/8/2010	USBCOI188912-USBCOI188912
PAUL II No. 97516375 - COI Letter	3/8/2010	USBCOI189388-USBCOI189388
PAUL II No. 97516379 - COI Letter	3/8/2010	USBCOI189781-USBCOI189781
PAUL II No. 97516394 - COI Letter	3/8/2010	USBCOI189895-USBCOI189895
PAUL II No. 97516389 - COI Letter	3/8/2010	USBCOI189918-USBCOI189918
Draft Report from David Weinsier and Karen King to Kathleen McGah	3/9/2010	TW-PF-00133677-00133689
Email from Jack Gibson to David Weinsier and Karen King re: Phoenix 9another draft report) – response requested	3/11/2010	TW-FTP002164-002167
Illustration Actuary - Specification for Changes to Credited Interest Rate and Cost of Insurance Rates	3/12/2010	PHL0174519-PHL0174520
Email from Stephanie Grass to Karen King re: Phoenix (for Peer Review)	3/13/2010	TW-FTP002168-002170
Draft Report from David Weinsier and Karen King to Kathleen McGah	3/15/2010	TW-PF-00133703-00133715
Email from David Weinsier to Karen King re: PHX; [Attachment] 3/15/2010 Draft Report from David Weinsier to Kate McGah; [Attachment] 3/15/2010 Draft Report from David Weinsier to Kate McGah with Redline	3/16/2010	TW-FTP002171; TW-FTP002172-002179; TW-FTP002180-002194
Illustration Actuary - Specification for Changes to Credited Interest Rate and Cost of Insurance Rates	3/19/2010	PHL0174521-PHL0174522
Letter from Customer Care Center to Policyholder, Re: 97303991	3/19/2010	PLIC 000289-PLIC 000289
PAUL II No. 97514213 - COI Letter	3/19/2010	USBCOI000533-USBCOI000533
PAUL II No. 97513947 - COI Letter	3/19/2010	USBCOI000740-USBCOI000740
PAUL II No. 97514277 - COI Letter	3/19/2010	USBCOI000921-USBCOI000921
PAUL II No. 97514279 - COI Letter	3/19/2010	USBCOI001097-USBCOI001097

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PAUL II No. 97515342 - COI Letter	3/19/2010	USBCOI001262-USBCOI001262
PAUL II No. 97515596 - COI Letter	3/19/2010	USBCOI001427-USBCOI001427
PAUL III No. 97519088 - COI Letter	3/19/2010	USBCOI002820-USBCOI002820
PAUL II No. 97515597 - COI Letter	3/19/2010	USBCOI003002-USBCOI003002
PAUL II No. 97515795 - COI Letter	3/19/2010	USBCOI003819-USBCOI003819
PAUL II No. 97514311 - COI Letter	3/19/2010	USBCOI188532-USBCOI188532
PAUL III No. 97519664 - COI Letter	3/19/2010	USBCOI188688-USBCOI188688
PAUL III No. 97519674 - COI Letter	3/19/2010	USBCOI188765-USBCOI188765
PAUL III No. 97519675 - COI Letter	3/19/2010	USBCOI188840-USBCOI188840
PAUL III No. 97518600 - COI Letter	3/19/2010	USBCOI189032-USBCOI189032
PAUL III No. 97518606 - COI Letter	3/19/2010	USBCOI189101-USBCOI189101
PAUL II No. 97513959 - COI Letter	3/19/2010	USBCOI189145-USBCOI189145
PAUL II No. 97513963 - COI Letter	3/19/2010	USBCOI189181-USBCOI189181
PAUL II No. 97516376 - COI Letter	3/19/2010	USBCOI189436-USBCOI189436
PAUL III No. 97519064 - COI Letter	3/19/2010	USBCOI189499-USBCOI189499
PAUL III No. 97519065 - COI Letter	3/19/2010	USBCOI189566-USBCOI189566
PAUL III No. 97518647 - COI Letter	3/19/2010	USBCOI189624-USBCOI189624
PAUL II No. 97515743 - COI Letter	3/19/2010	USBCOI189683-USBCOI189683
PAUL II No. 97515745 - COI Letter	3/19/2010	USBCOI189733-USBCOI189733
PAUL II No. 97535603 - COI Letter	3/19/2010	USBCOI189875-USBCOI189875
PAUL III No. 97519155 - COI Letter	3/19/2010	USBCOI189939-USBCOI189939
Email from Jack Gibson to Karen King, et al. re: Phoenix COI Re-Determination Draft	3/19/2010	TW-FTP002195-002196
Letter from David Weinsier to Kate McGah re: Amendment to Consulting Services	3/19/2010	TW-PF-00001237-00001244
Email from Elinor Friedman to Karen King re: Phoenix draft report for peer review; [Attachment] 3/19/2010 Draft Report from David Weinsier and Karen King to Kathleen McGah	3/21/2010	TW-FTP002197; TW-FTP002198-002211
Email to Kathleen McGah from Karen King re Phoenix Draft Report	3/22/2010	TW-PF 1087-TW-PF 1102
Email from Karen King to Kathleen McGah and Gina O'Connell re: Phoenix Draft Report; [Attachment] 2/22/2010 Draft Report from David Weinsier and Karen King to Kathleen McGah	3/22/2010	TW-PF-00001087; TW-PF-00001088-00001102
Email from David Weinsier to Karen King and Stephanie Grass re: Phoenix Draft Report	3/23/2010	TW-FTP002228-002229
Draft Report from David Weinsier and Karen King to Kathleen McGah with Redline	3/26/2010	TW-FTP000593-000624
Draft Report from David Weinsier and Karen King to Kathleen McGah	3/26/2010	TW-PF-00133743-00133756
Illustration Actuary - Specification for Changes to Credited Interest Rate and Cost of Insurance Rates	4/1/2010	PHL0026661-PHL0026662
Email from Kathleen McGah to Karen King, et al. re: Phoenix Draft Report; [Attachment]	4/1/2010	PHL0883588-0883589;
Draft Report from David Weinsier and Karen King to Kathleen McGah		PHL0883590-0883605
Email from Karen King to Kathleen McGah, et al. re: Phoenix Draft Report; [Attachment]	4/1/2010	TW-FTP002230; TW-FTP002231-002246
3/31/2010 Draft Report from David Weinsier and Karen King to Kathleen McGah		
Email from Winston Hall to Karen King and Gina O'Connell re: Summary Report - Policy data on in-force PAUL as of 10/30/2009; [Attachment] Unreadable File	4/5/2010	PHL0883606; PHL0883607
Draft Report from David Weinsier and Karen King to Kathleen McGah with Redline	4/6/2010	TW-FTP000684-000698
Email to Kathleen McGah from Karen King re Phoenix Draft Report	4/6/2010	TW-PF 1071-TW-PF 1086
Email from Karen King to Kathleen McGah, et al. re: Phoenix Draft Report; [Attachment]	4/6/2010	TW-PF-00001071; TW-PF-00001072-00001086
4/6/2010 Draft Report from David Weinsier and Karen King to Kathleen McGah		
Draft Report from David Weinsier and Karen King to Kathleen McGah	4/6/2010	TW-PF-00133817-00133829
Flexible Premium Adjustable Life Insurance - A Life Insurance Illustration for Policy	4/8/2010	USBCOI000168-USBCOI000184
Flexible Premium Adjustable Life Insurance - A Life Insurance Illustration for Policy	4/8/2010	USBCOI000422-USBCOI000459
Flexible Premium Adjustable Life Insurance - A Life Insurance Illustration for Policy	4/8/2010	USBCOI000623-USBCOI000639
Flexible Premium Adjustable Life Insurance - A Life Insurance Illustration for Policy	4/8/2010	USBCOI001159 -USBCOI001176
Flexible Premium Adjustable Life Insurance - A Life Insurance Illustration for Policy	4/8/2010	USBCOI001336 -USBCOI001356
Flexible Premium Adjustable Life Insurance - A Life Insurance Illustration for Policy	4/8/2010	USBCOI003066 -USBCOI003086
Flexible Premium Adjustable Life Insurance - A Life Insurance Illustration for Policy	4/8/2010	USBCOI003828 -USBCOI003845
Flexible Premium Adjustable Life Insurance - A Life Insurance Illustration for Policy	4/9/2010	USBCOI000805-USBCOI000822
Flexible Premium Adjustable Life Insurance - A Life Insurance Illustration for Policy	4/9/2010	USBCOI000981 -USBCOI000998
Draft Report from David Weinsier and Karen King to Thomas Buckingham with Redline	4/14/2010	TW-FTP000755-000767
Email to Thomas Buckingham from Karen King re Phoenix Final Report	4/14/2010	TW-PF 1055-TW-PF 1070
Email from Karen King to Thomas Buckingham, et al. re: Phoenix Final Report; [Attachment]	4/14/2010	TW-PF-00001055; TW-PF-00001056-00001070
4/14/2010 Draft Report from David Weinsier and Karen King to Thomas Buckingham		
Draft Report from David Weinsier and Karen King to Thomas Buckingham	4/14/2010	TW-PF-00133901-00133913
Phoenix Earnings Review - First Quarter 2010	5/4/2010	
Email from A. Ericson to D. Horowitz, Re: Answers to your follow up questions	5/19/2010	PLIC017819-PLIC017827
Email chain between G. O'Connell and P. Hoffman (Phoenix), Re: Current cost of insurance	5/20/2010	PHL0710606-PHL0710610
Email chain between R. Priest/D. Lauzon (NYID) and B. Frank (Phoenix), Re: Current cost	5/20/2010	PHL0772126-PHL0772129
Letter from R. Priest (NYID) to B. Frank (Phoenix), Re: Forms U607 and 05PAUL, File No. 1005160	5/28/2010	PHL016214-PHL016215

Exhibit 2

Documents Considered

Document Title/Description	Date	Bates Range
Email from R. Priest (NYID) to B. Frank (Phoenix), Re: Current cost of insurance, with attachments	6/1/2010	PHL0574687-PHL0574688
Letter from B. Frank (Phoenix) to R. Priest (NYID), Re: Forms U607 NY and 05PAUL NY, NY File No. 1005160, with attachments	6/24/2010	PHL024793-95, PHL024796, PHL024797-98, PHL024799-801, PHL024802-08, PHL024809-14
Letter from R. Priest (NYID) to B. Frank (Phoenix), Re: Universal Life forms U607 NY and 05PAUL NY, File No. 1005160	7/2/2010	PHL024815-PHL024817
Letter from NY Insurance Department to Phoenix, Re: Universal Life Forms U607 NY and 05PAUL NY, File No. 1005160	7/2/2010	PHL0692469-PHL0692471
Letter from B. Frank (Phoenix) to R. Priest (NYID), Re: Forms U607 NY and 05PAUL NY, NY File No. 1005160, with attachment	7/23/2010	PHL0776367-69, PHL0776370
Letter from R. Priest (NYID) to B. Frank (Phoenix), Re: Universal Life forms U607 NY and 05PAUL NY, File No. 1005160	7/29/2010	PHL016209-PHL016210
Letter from NY Insurance Department to Phoenix, Re: Universal Life Forms U607 NY and 05PAUL NY, File No. 1005160	7/29/2010	PHL0692467-PHL0692468
Email exchange between R. Priest (NYID) to J. Bonfitto (Phoenix), Re: Forms 05PAUL and U607, with attachments	8/11/2010	PHL016227, PHL016228-31, PHL016232, PHL016233, PHL016234-35
Letter from B. Frank (Phoenix) to R. Priest (NYID), Re: Forms U607 NY and 05PAUL NY, NY File No. 1005160	8/13/2010	PHL0656529-PHL0656531
Email exchange between R. Priest (NYID) to J. Bonfitto (Phoenix), Re: Forms 05PAUL and U607, with attachments	8/18/2010	PHL016402-03, PHL016404-56
Email to M. Bobersky, Re: Phoenix Illustrations	8/18/2010	PLIC017858-PLIC017862
Letter from R. Priest (NYID) to B. Frank (Phoenix), Re: Forms U607 NY and 05PAUL NY, File No. 1005160	8/26/2010	PHL016197-PHL016199
Letter from Phoenix to NY Insurance Department, Re: Forms U607 NY and 05PAUL NY, NY File No. 1005160	9/10/2010	PHL0564639-PHL0564647
Email chain between B. Frank (Phoenix) and R. Priest (NYID), Re: Forms U607 NY and 05PAUL #1005160	9/22/2010	PHL0574692-PHL0574693
Review of Assumptions for Older Age PAUL	9/24/2010	PHL025239-PHL025243
Memorandum from A. Greenhalgh and A. Corne to File, Re: UL/VUL GAAP Assumption Review, Q3 2010	9/24/2010	PHL025244-PHL025247
Email from J. Bonfitto (Phoenix) to R. Priest (NYID)	10/4/2010	PHL024829-PHL024829
Internal Phoenix email regarding communications with NYID	10/19/2010	PHL0771766-PHL0771771
Phoenix Accumulator UL II - Flexible Premium Adjustable Life Insurance - A Life Insurance Illustration, Designed for Martin Willick	11/1/2010	USBCOI189833-USBCOI189846
Unit Purchase Agreement Between Pacifica Group LLC and Lima LS PLC	11/10/2010	USBCOI184454-USBCOI184816
Fax from R. Gumaer (NYID) to B. Frank (Phoenix), with attachment	12/1/2010	PHL016195-PHL016196
Email chain between B. Frank (Phoenix) and R. Gumaer (NYID), Re: Request by New York State Insurance Department for Meeting on COI Increases on Low Funded Accumulator Policies	12/6/2010	PHL0574702-PHL0574704
Email from J. Sirrine (Phoenix) to R. Gumaer (NYID), Re: Phoenix Meeting Tomorrow, with attachments	12/13/2010	PHL0692500, PHL0692501-03
Phoenix - New York Insurance Department - Summary of Cost of Insurance Change	12/14/2010	PHL0692501-PHL0692503
Email from K. McGah (Phoenix) to J. Lucashuk (NYDFS), Re: Copy of Phoenix Correspondence from Third Party	12/15/2010	PHL0000131-PHL0000131
Email from K. McGah (Phoenix) to R. Gumaer (NYID), Re: 12-22-10 Phoenix Response, with attachments	12/22/2010	PHL0000132, PHL0000133-35, PHL0000136, PHL0000137, PHL0000138-51, PHL0000152-65
Letter to NY Insurance Department	12/22/2010	PHL0759932-PHL0759934
Email from R. Priest (NYID) to K. McGah (Phoenix), Re: Form 05 PAUL COI Rate Increase	12/28/2010	PHL0000176-PHL0000177
Email from R. Gumaer (NYID) to K. McGah (Phoenix), Re: Additional Request from NYSID on the COI Increase on the Phoenix Accumulator Policy	1/4/2011	PHL0000179-PHL0000181
Email from Y. Yao (NYID) to K. McGah (Phoenix), Re: FOIL Request No. 2010-002033- NYC, with attachments	1/5/2011	PHL0574712-13, PHL0574714, PHL0574715-63, PHL0574764, PHL0574765-66, PHL0574767-80, PHL0574781-821
Email from R. Gumaer (NYID) to K. McGah (Phoenix), Re: Additional Request from NYSID on the COI Increase on the Phoenix Accumulator Policy - Phoenix Request for Extension of Response Date	1/7/2011	PHL0000294-PHL0000297
Email from R. Gumaer to K. McGah, Re: Additional Request from NYSID on the COI Increase on the Phoenix Accumulator Policy - Phoenix Request for Extension of Response Date	1/7/2011	PLIC 000889-PLIC 000892

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Document Title/Description	Date	Bates Range
Email from K. McGah (Phoenix) to R. Priest (NYID), Re: Phoenix Response to your 12/28/10 Email requesting additional information, with attachments	1/12/2011	PHL0000299-300, PHL0000301-314, PHL0000315-329, PHL0000330, PHL0000331, PHL0000332
Email from R. Gumaer to K. McGah (Phoenix), Re: Additional Request from NYSID on the COI Increase on the Phoenix Accumulator Policy - Phoenix Request for Extension of Response Date	2/3/2011	PHL0000334-PHL0000337
Email from K. McGah (Phoenix) to R. Gumaer (NYID), Re: Response to Additional Request from NYSID on the COI Rate Increase..., with attachments	2/8/2011	PHL0000343, PHL0000344-366, PHL0000367-372, PHL0000373-382, PHL0000383-388, PHL0000389, PHL0000390-399, PHL0000400-401, PHL0000402-407
Email from E. Bernier to J. Hurwitz, Subject: Current COIs	2/17/2011	PHL0698775-PHL0698775
Flexible Premium Adjustable Life Insurance - A Life Insurance Illustration for Policy	3/1/2011	USBCOI004124-USBCOI004138
Email from R. Gumaer (NYID) to K. McGah (Phoenix), Re: Phoenix's 2/8/11 Response to the Department on the COI Rate Increase	3/17/2011	PHL0000409-PHL0000411
Email from Karen King to Gina O'Connell re: Draft Cover letter for NYID; [Attachment] Draft Cover Letter from Kathleen McGah to Ruth Gumaer; [Attachment] Draft Cover Letter from Kathleen McGah to Ruth Gumaer	3/29/2011	PHL0884083-0884084; PHL0884085-0884086; PHL0884087-0884088
Email from Karen King to Robert Matczak re: Draft Cover letter for NYID; [Attachment] Draft Cover Letter from Kathleen McGah to Ruth Gumaer; [Attachment] Draft Report from David Weinsier and Karen King to Thomas Buckingham	3/29/2011	TW-FTP002280-002281; TW-FTP002282-002283; TW-FTP002284-002298
Email from Robert Matczak to Gina O'Connell, et al. re: Draft Cover for NYID; [Attachment] Draft Cover Letter from Kathleen McGah to Ruth Gumaer with Redline	3/29/2011	TW-FTP002305-002307; TW-FTP002308-002309
Letter from K. McGah (Phoenix) to R. Gumaer (NYID) Re: Response to Request Dated March 17, 2011 from NYSID on the COI Rate Increase on the Phoenix Accumulator Policy	3/30/2011	PHL025096-PHL025097
Email from Gina O'Connell to Robert Matczak, et al. re: Draft Cover Letter for NYID	3/30/2011	TW-FTP002321-002324
Email from Kathleen McGah to Robert Matczak, et al. re: Draft Cover letter for NYID; [Attachment] Draft Cover Letter from Kathleen McGah to Ruth Gumaer	3/30/2011	TW-FTP002389-002394; TW-FTP002395-002396
Email from Robert Matczak to Kathleen McGah, et al. re: Draft Cover letter for NYID; [Attachment] Draft Cover Letter from Kathleen McGah to Ruth Gumaer with Redline	3/30/2011	TW-FTP002426-002429; TW-FTP002430-002431
Email from Kathleen McGah to Robert Matczak, et al. re: Final Cover Letter and Report; [Attachment] Final Cover Letter from Kathleen McGah to Ruth Gumaer; [Attachment] Report from David Weinsier and Karen King to Thomas Buckingham	3/30/2011	TW-FTP002432; TW-FTP002433-002434; TW-FTP002435-002449
Illustration Actuary - Specification for Changes to Credited Interest Rate and Cost of Insurance Rates	5/16/2011	PHL0564397-PHL0564398
Illustration Actuary - Specification for Changes to Credited Interest Rate and Cost of Insurance Rates	5/16/2011	PHL0564944-PHL0564945
Flexible Premium Adjustable Life Insurance - A Life Insurance Illustration for Policy	7/26/2011	USBCOI002827-USBCOI002837
Phoenix Accumulator UL II - Flexible Premium Adjustable Life Insurance - A Life Insurance Illustration, Designed for Martin Willick	7/27/2011	USBCOI189847-USBCOI189858
Email from M. Kennedy (NYID) to D. Fernez, D. Lauzon, et al., Re: In-Person Meeting	8/2/2011	PHL0000413-PHL0000413
Email from G. O'Connell (Phoenix) to D. Lauzon (NYID) Re: Time-frame for 2011 COI Rate Increases	8/5/2011	PHL0000414-PHL0000414
Email from K. Thomas (Phoenix) to N.Y. Insurance Department Re: Phoenix Presentation Materials for Our Meeting at 3pm Today, with attachment	8/5/2011	PHL0692958-PHL0692982
Meeting with New York State Insurance Department	8/5/2011	PLIC0677627-PLIC0677650
Meeting with New York State Insurance Department	8/5/2011	PHL0692959-PHL0692982
Letter from G. O'Connell (Phoenix) to D. Lauzon (NYID) Re: New COI Rate Increases, with Exhibits A-T	8/24/2011	PHL020885-91; PHL020892-5; PHL020896-953; PHL0755520-1
Letter from Phoenix to NYID, Re: Informational Submission - Revised Current Non-Guaranteed Cost of Insurance Rates for Forms 05PAULNY and 05ITR	8/24/2011	PLIC014160-PLIC014166
Letter from Phoenix to NY Insurance Department, Re: Informational Submission - Revised Current Non-Guaranteed Cost of Insurance Rates for Forms 05PAULNY and 05ITR	8/24/2011	PHL0575846-PHL0575852
Email from A. Ericson to D. Pellerin, Re: Project Z	9/1/2011	PHL0575799-PHL0575802
Letter from M. Maffei (NYID) to K. McGah (Phoenix) Re: NYID's Investigation into Phoenix's 2010 COI Rate Increase, with attachment	9/6/2011	PHL0564077-9, PHL057803
Letter from M. Maffei, State of New York Insurance Department, to K. McGah, Phoenix Life Insurance Company, Subject: COI Increase - U607 NY and 05PAUL - File No. 1005160	9/6/2011	PHL0564077-PHL0564079
Letter from NYID to K. McGah, Re: Phoenix Life Insurance Company, COI Increase - U607 NY and 05PAUL, File No. 1005160	9/6/2011	PLIC018368-PLIC018370
Letter from NY Insurance Department to Phoenix, Re: COI Increase - U607 NY and 05PAUL, File No. 1005160	9/6/2011	PHL0575804-PHL0575806

Exhibit 2

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Document Title/Description	Date	Bates Range
Email chain between D. Lauzon/W. Carmello (NYID) and G. O'Connell (Phoenix) Re: Phoenix Life Insurance Company - Informational Submission for Cost of Insurance Rate Change, with attachment	9/9/2011	PHL0630558-PHL0630564
Email from G. O'Connell (Phoenix) and D. Lauzon (NYDFS) Re: Phoenix Life Insurance Company - Informational Submission for Cost of Insurance Rate Change, with attachment	9/21/2011	PHL0630566-PHL0630567
Email chain between G. O'Connell (Phoenix) and D. Lauzon (NYDFS) Re: Phoenix Life Insurance Company - Informational Submission for Cost of Insurance Rate Change, with attachments	9/23/2011	PHL0630573-PHL0630597
Email chain between G. O'Connell (Phoenix) and D. Lauzon (NYDFS) Re: Phoenix Life Insurance Company - Informational Submission for Cost of Insurance Rate Change, with attachments	9/23/2011	PHL0730973-PHL0730977
Email between D. Lauzon, G. O'Connell, and W. Carmello, Re: Phoenix Life Insurance Company - Informational Submission for Cost of Insurance Rate Change, with attachments	9/23/2011	PHL0575834-PHL0575837
Email chain between G. O'Connell (Phoenix) to D. Lauzon (NYDFS) Re: Phoenix Life Insurance Company - Informational Submission for Cost of Insurance Rate Change, NY Approved Project Z	9/26/2011	PHL0578915-PHL057896
Email from G. O'Connell (Phoenix) to D. Lauzon (NYDFS) Re: Phoenix Life Insurance Company - Informational Submission for Cost of Insurance Rate Change, with attachments	9/26/2011	PHL0630580-PHL0630583
Email from W. Carmello to G. O'Connell, Re: Phoenix Life Insurance Company - Informational Submission for Cost of Insurance Rate Change - PAUL 3 A/B/C	9/26/2011	PLIC0615239-PLIC0615239
PAUL III No. 97528285 - COI Letter	10/10/2011	USBCOI004064-USBCOI004064
PAUL III No. 97522375 - COI Letter	10/17/2011	USBCOI000034-USBCOI000034
Letter from G. O'Connell (Phoenix) to D. Lauzon (NYDFS) Re: Informational Submission Revised Current Non-Guaranteed Cost of Insurance Rates for Forms	10/21/2011	PHL025106-15, PHL025118
Letter from Phoenix to NYID, Re: Informational Submission - Revised Current Non-Guaranteed Cost of Insurance Rates for Forms U607NY and 05PAULNY	10/21/2011	PLIC018381-PLIC018390
Letter from Phoenix to Policyholder, Re: 97304872	10/24/2011	MF000349-MF000349
Letter from Phoenix to Policyholder, Re: 97304872	10/24/2011	PLIC 000551-PLIC 000551
Email chain between K. McGah (Phoenix) and M. Maffei (NYDFS) Re: Phoenix COI	10/27/2011	PHL0576113-PHL0576117
Level Prem to Maturity - Phoenix Accumulator UL II - Flexible Premium Adjustable Life Insurance - A Life Insurance Illustration, Designed for Martin Willick	10/27/2011	USBCOI214736-USBCOI214752
Phoenix Accumulator UL II - Flexible Premium Adjustable Life Insurance - A Life Insurance Illustration, Designed for Martin Willick	10/27/2011	USBCOI189859-USBCOI189874
PAUL II No. 97515342 - COI Error Letter	11/1/2011	USBCOI001829-USBCOI001833
PAUL II No. 97515596 - COI Error Letter	11/1/2011	USBCOI002970-USBCOI002973
PAUL II No. 97515597 - COI Error Letter	11/1/2011	USBCOI002998-USBCOI003001
Email from G. O'Connell (Phoenix) to D. Lauzon (NYDFS) Re: Confidential: Re Phoenix Life Insurance Company - Informational Submission for Cost of Insurance Rate Charge, with attachment	11/2/2011	PHL0630708-PHL0630733
Email from A. Ericson to D. Horowitz, Re: A new round of COI increases?	11/3/2011	PLIC0679115-PLIC0679118
Email between D. Horowitz and A. Ericson, Re: A new round of COI increases?	11/3/2011	PHL0576130-PHL0576134
Email chain between N.Y. Department Financial Services and Phoenix Re: 1110127 Informational Submission - Revised Cost of Insurance Rates	11/9/2011	PHL0000415 -PHL0000420
Email from D. Lauzon to G. O'Connell, Re: 1110127 Informational Submission - Revised Cost of Insurance Rates	11/9/2011	PLIC0685031-PLIC0685035
Email from K. McGah (Phoenix) to M. Maffei (NYDFS) Re: Phoenix Life Insurance Company 2010 COI Rate Increase-U607NY and 05PAUL NY Effective April 1, 2011 Your File No. 1005160, with attachment	11/10/2011	PHL0731875 -PHL0731897
Draft Letter from Phoenix to NY Department of Financial Services, Re: COI Increase - U607 NY and 05PAUL NY, Your File No. 1005160	11/10/2011	PHL0578997-PHL0578907
Email between K. McGah and M. Maffei (with additional CCs), Re: Phoenix Life Insurance Company 2010 COI Rate Increase-U607NY and 05PAUL NY Effective April 1, 2011, Your File No. 1005160, with attachments	11/10/2011	PHL0710958-PHL0710961
Draft Letter Template from Customer Care Center to Policyholder	11/10/2011	PHL0710967-PHL0710969
Email from M. Maffei (NYDFS) to K. McGah (Phoenix) Re: Phoenix Life Insurance Company 2010 COI Rate Increase-U607NY and 05PAUL NY Effective April 1, 2011 Your File No. 1005160, with attachment	11/14/2011	PHL0731898 -PHL0731905
Email from K. McGah (Phoenix) to M. Maffei (NYDFS) Re: Phoenix Life Insurance Company 2010 COI Rate Increase-U607NY and 05PAUL NY Effective April 1, 2011 Your File No. 1005160, with attachment	11/14/2011	PHL0776389 -PHL0776406
Letter from Phoenix to NYID, Re: Phoenix Life Insurance Company, COI Increase - U607 NY and 05PAUL NY, Your File No. 1005160	11/15/2011	PLIC0761058-PLIC0761068
Exhibit A - Plan for Subject Policies	11/15/2011	PLIC0761069-PLIC0761069
Exhibit A-1	11/15/2011	PLIC0761070-PLIC0761073

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Document Title/Description	Date	Bates Range
Letter from M. Maffei, State of New York Insurance Department, to K. McGah, Phoenix Life Insurance Company, Subject: COI Increase - U 607 NY and 05 PAUL NY - File No. 1005160	11/16/2011	PHL015929-PHL015929
Email between P. Hoffmann and J. Nakano (with additional CCs), Re: Paul Series UL Product, with attachments	11/17/2011	PHL0576156-PHL0576157
COI Rate Increase for Certain PLIC Policies - Effective January 1, 2012 - Talking Points and Q&A	11/18/2011	PLIC 000721-PLIC 000725
COI Rate Increase for Certain PLIC Policies - Effective January 1, 2012 - Talking Points and Q&A	11/18/2011	PHL0000126-PHL0000130
Letter Template from Customer Care Center to Policyholder (Letter 1: Active policies)	11/23/2011	PLIC0817274-PLIC0817275
Email from K. McGah (Phoenix) to M. Maffei (NYDFS) Re: Article in Life Settlements Report Regarding NY Class Action Complaint	11/28/2011	PHL0576169 -PHL0576172
Letter from L. Hoffman (NYDFS) to G. O'Connell (Phoenix) Re: Freedom of Information Law ("FOIL") Request Number 2011-001832-NYC Life Bureau File N. 1111026	11/29/2011	PHL0782061 -PHL0782062
Email from K. McGah (Phoenix) to M. Maffei (NYDFS) Re: Phoenix Life Insurance Company 2010 COI Rate Increase-U607NY and 05PAUL NY Effective April 1, 2011 Your File No. 1005160	11/30/2011	PHL0000001 -PHL0000002
Email from K. McGah (Phoenix) to M. Maffei (NYDFS) Re: Article in Life Settlements Report Regarding NY Insurance Department Response to Claimant	11/30/2011	PHL0576173 -PHL0576178
Exhibit A-1 - November 15, 2011 Letter to New York State Department of Financial Services	11/30/2011	PLIC018375-PLIC018378
Letter from K. McGah (Phoenix) to NYDFS Re: Phoenix Life Insurance Company Request for Records Under New York Freedom of Information Law	12/2/2011	PHL006978-PHL006980
Email from A. Greenhalgh to N. Zhang (with additional CCs), Re: PHLVIC CFT - UL future and COI increase assumption	12/16/2011	PHL0579033-PHL0579035
Letter from G. O'Connell (Phoenix) to L. Hoffman (NYDFS) Re: Freedom of Information Law Request Number 2011-001832-NYC, with attachment	12/20/2011	PHL006970-PHL006975
Letter from K. McGah (Phoenix) to Y. Yao (NYSDFS) Re: Phoenix COI FOIL Request from D. Horowitz	12/20/2011	PHL006987 -PHL006992
Letter from L. Hoffman (NYDFS) to G. O'Connell (Phoenix) Re: Freedom of Information Law ("FOIL") Notice of Determination	12/30/2011	PHL006993 -PHL006996
Letter from S. Geisel (NYDFS) to K. McGah (Phoenix) Re: Freedom of Information Law ("FOIL") Notice of Determination	1/5/2012	PHL006959 -PHL006961
Letter from L. Hoffman (NYDFS) to K. McGah (Phoenix) Re: Freedom of Information Law ("FOIL") Request No. 2011-002004-NYC Life Bureau File No. 1112035	1/11/2012	PHL006957-PHL006957
Email from D. Lewis (NYDFS) to K. McGah (Phoenix) Re: Phoenix Life Insurance Company Request for Records, with attachment	1/11/2012	PHL0579095 -PHL0579103
Letter from Y. Yao (NYDFS) to K. McGah (Phoenix) Re: Freedom of Information Law ("FOIL") Request No. 2011-002004-NYC	1/19/2012	PHL006958-PHL006958
Phoenix Accumulator UL II - Flexible Premium Adjustable Life Insurance - A Life Insurance Illustration, Designed for Martin Willick	3/9/2012	USBCOI214704-USBCOI214721
First Amended Complaint, with Exhibits 1-3	5/21/2012	
Flexible Premium Adjustable Life Insurance - A Life Insurance Illustration for Policy	5/30/2012	USBCOI000145-USBCOI000158
Email from L. Hoffman (NYDFS) to K. McGah Re: FOIL Request 2012-002004-NYC (1112035), with attachments	7/18/2012	PHL0757774-856; PHL0771352-53
Email from L. Hoffman (NYDFS) to K. McGah Re: FOIL Request 2012-002004-NYC (1112035), with attachments	7/20/2012	PHL0630525-33; PHL0630537-733
Letter from Phoenix to Office of the Commissioner of Insurance, State of Wisconsin, Re: Your File No. 227907, with exhibits	8/1/2012	PHL0709063-PHL0709205
Phoenix Accumulator UL II - Flexible Premium Adjustable Life Insurance - A Life Insurance Illustration, Designed for Martin Willick	12/12/2012	USBCOI214753-USBCOI214769
Phoenix Accumulator UL II - Flexible Premium Adjustable Life Insurance - A Life Insurance Illustration, Designed for Martin Willick	12/12/2012	USBCOI214798-USBCOI214813
Defendant's Written Response to Plaintiffs' Second Amended Notice of Rule 30(b)(6) Deposition of Person Most Knowledgeable at Phoenix Life Insurance Company, with Supporting Documents	6/7/2013	
Letter from F. De La Merced, State of California Department of Insurance, to R. Mallick, Phoenix Life Insurance Co., Subject: RUS-6723791 (PHL Variable Insurance Company) PAUL II No. 97516379 - Annual Policy Summary	6/21/2013	PHL0970831-PHL0970832
PAUL II No. 97516379 - Annual Policy Summary	1/25/06 - 1/24/07	USBCOI193430-USBCOI193431
PAUL II No. 97516379 - Annual Policy Summary	1/25/07 - 1/24/08	PHL0973291-PHL0973294
PAUL II No. 97516379 - Annual Policy Summary	1/25/08 - 1/24/09	USBCOI192914-USBCOI192916
PAUL II No. 97516379 - Annual Policy Summary	1/25/09 - 1/24/10	USBCOI192917-USBCOI192919
PAUL II No. 97516379 - Annual Policy Summary	1/25/10 - 1/24/11	USBCOI189760-USBCOI189762
PAUL III No. 97519064 - Annual Policy Summary	10/10/06 - 10/9/07	USBCOI189437-USBCOI189439
PAUL III No. 97518647 - Annual Policy Summary	10/10/06 - 10/9/07	USBCOI189440-USBCOI189442
PAUL III No. 97519065 - Annual Policy Summary	10/10/06 - 10/9/07	USBCOI189500-USBCOI189502
PAUL III No. 97519065 - Annual Policy Summary	10/10/07 - 10/9/08	PHL0973433-PHL0973435

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Documents Considered

Document Title/Description	Date	Bates Range
PAUL III No. 97518647 - Annual Policy Summary	10/10/07 - 10/9/08	USBCOI189625-USBCOI189627
PAUL III No. 97519064 - Annual Policy Summary	10/10/07 - 10/9/08	USBCOI189940-USBCOI189942
PAUL III No. 97519065 - Annual Policy Summary	10/10/07 - 10/9/08	USBCOI189943-USBCOI189945
PAUL III No. 97519064 - Annual Policy Summary	10/10/08 - 10/9/09	USBCOI189443-USBCOI189445
PAUL III No. 97519065 - Annual Policy Summary	10/10/08 - 10/9/09	USBCOI189503-USBCOI189505
PAUL III No. 97518647 - Annual Policy Summary	10/10/08 - 10/9/09	USBCOI189567-USBCOI189569
PAUL III No. 97518647 - Annual Policy Summary	10/10/09 - 10/9/10	PHL0973401-PHL0973403
PAUL III No. 97519064 - Annual Policy Summary	10/10/09 - 10/9/10	PHL0973420-PHL0973422
PAUL III No. 97519065 - Annual Policy Summary	10/10/09 - 10/9/10	PHL0973439-PHL0973441
PAUL III No. 97519064 - Annual Policy Summary	10/10/10 - 10/9/11	USBCOI189446-USBCOI189448
PAUL III No. 97518647 - Annual Policy Summary	10/10/10 - 10/9/11	USBCOI189570-USBCOI189572
PAUL III No. 97519065 - Annual Policy Summary	10/10/10 - 10/9/11	USBCOI192094-USBCOI192096
PAUL III No. 97518647 - Annual Policy Summary	10/10/11 - 10/9/12	PHL0973407-PHL0973409
PAUL III No. 97519064 - Annual Policy Summary	10/10/11 - 10/9/12	PHL0973426-PHL0973428
PAUL III No. 97519065 - Annual Policy Summary	10/10/11 - 10/9/12	PHL0973445-PHL0973447
PAUL II No. 97535603 - Annual Policy Summary	10/25/05 - 10/24/06	USBCOI189799-USBCOI189801
PAUL II No. 97535603 - Annual Policy Summary	10/25/06 - 10/24/07	USBCOI189802-USBCOI189804
PAUL II No. 97535603 - Annual Policy Summary	10/25/07 - 10/24/08	USBCOI189805-USBCOI189807
PAUL II No. 97535603 - Annual Policy Summary	10/25/08 - 10/24/09	PHL0973601-PHL0973604
PAUL II No. 97535603 - Annual Policy Summary	10/25/09 - 10/24/10	USBCOI189808-USBCOI189810
PAUL II No. 97535603 - Annual Policy Summary	10/25/10 - 10/24/11	USBCOI205775-USBCOI205777
PAUL II No. 97535603 - Annual Policy Summary	10/25/11 - 10/24/12	PHL0973613-PHL0973616
PAUL II No. 97515342 - Annual Policy Summary	11/12/05 - 11/11/06	USBCOI001229-USBCOI001231
PAUL II No. 97515795 - Annual Policy Summary	11/12/05 - 11/11/06	USBCOI003790-USBCOI003792
PAUL II No. 97515342 - Annual Policy Summary	11/12/06 - 11/11/07	USBCOI001232-USBCOI001234
PAUL II No. 97515795 - Annual Policy Summary	11/12/06 - 11/11/07	USBCOI003793-USBCOI003795
PAUL II No. 97515342 - Annual Policy Summary	11/12/07 - 11/11/08	USBCOI001235-USBCOI001237
PAUL II No. 97515795 - Annual Policy Summary	11/12/07 - 11/11/08	USBCOI003796-USBCOI003798
PAUL II No. 97515342 - Annual Policy Summary	11/12/08 - 11/11/09	USBCOI001238-USBCOI001241
PAUL II No. 97515795 - Annual Policy Summary	11/12/08 - 11/11/09	USBCOI003799-USBCOI003802
PAUL II No. 97515342 - Annual Policy Summary	11/12/09 - 11/11/10	USBCOI001242-USBCOI001244
PAUL II No. 97515795 - Annual Policy Summary	11/12/09 - 11/11/10	USBCOI003803-USBCOI003805
PAUL II No. 97515342 - Annual Policy Summary	11/12/10 - 11/11/11	USBCOI001822-USBCOI001824
PAUL II No. 97515795 - Annual Policy Summary	11/12/10 - 11/11/11	USBCOI003806-USBCOI003808
PAUL II No. 97515342 - Annual Policy Summary	11/12/11 - 11/11/12	PHL0973092-PHL0973094
PAUL II No. 97515795 - Annual Policy Summary	11/12/11 - 11/11/12	PHL0973234-PHL0973237
PAUL III No. 97519155 - Annual Policy Summary	11/15/06 - 11/14/07	USBCOI189225-USBCOI189227
PAUL III No. 97519155 - Annual Policy Summary	11/15/07 - 11/14/08	USBCOI189302-USBCOI189304
PAUL III No. 97519155 - Annual Policy Summary	11/15/08 - 11/14/09	USBCOI189228-USBCOI189230
PAUL III No. 97519155 - Annual Policy Summary	11/15/09 - 11/14/10	USBCOI189231-USBCOI189233
PAUL III No. 97519155 - Annual Policy Summary	11/15/10 - 11/14/11	USBCOI189234-USBCOI189236
PAUL III No. 97519155 - Annual Policy Summary	11/15/11 - 11/14/12	PHL0973487-PHL0973490
PAUL III No. 97519664 - Annual Policy Summary	11/29/06 - 11/28/07	USBCOI190475-USBCOI190478
PAUL III No. 97519675 - Annual Policy Summary	11/29/06 - 11/28/07	USBCOI190483-USBCOI190486
PAUL III No. 97519674 - Annual Policy Summary	11/29/06 - 11/28/07	USBCOI193393-USBCOI193396
PAUL III No. 97519664 - Annual Policy Summary	11/29/07 - 11/28/08	USBCOI190479-USBCOI190480
PAUL III No. 97519675 - Annual Policy Summary	11/29/07 - 11/28/08	USBCOI190487-USBCOI190488
PAUL III No. 97519674 - Annual Policy Summary	11/29/07 - 11/28/08	USBCOI193397-USBCOI193398
PAUL III No. 97519664 - Annual Policy Summary	11/29/08 - 11/28/09	USBCOI188616-USBCOI188618
PAUL III No. 97519674 - Annual Policy Summary	11/29/08 - 11/28/09	USBCOI188692-USBCOI188694
PAUL III No. 97519675 - Annual Policy Summary	11/29/08 - 11/28/09	USBCOI188769-USBCOI188771
PAUL III No. 97519664 - Annual Policy Summary	11/29/09 - 11/28/10	PHL0973501-PHL0973503
PAUL III No. 97519674 - Annual Policy Summary	11/29/09 - 11/28/10	PHL0973522-PHL0973524
PAUL III No. 97519675 - Annual Policy Summary	11/29/09 - 11/28/10	PHL0973543-PHL0973545
PAUL III No. 97519664 - Annual Policy Summary	11/29/10 - 11/28/11	USBCOI188619-USBCOI188621
PAUL III No. 97519674 - Annual Policy Summary	11/29/10 - 11/28/11	USBCOI188695-USBCOI188697
PAUL III No. 97519675 - Annual Policy Summary	11/29/10 - 11/28/11	USBCOI188772-USBCOI188774
PAUL III No. 97519664 - Annual Policy Summary	11/29/11 - 11/28/12	PHL0973508-PHL0973511
PAUL III No. 97519674 - Annual Policy Summary	11/29/11 - 11/28/12	PHL0973529-PHL0973532
PAUL III No. 97519675 - Annual Policy Summary	11/29/11 - 11/28/12	PHL0973550-PHL0973553
PAUL III No. 97519088 - Annual Policy Summary	11/3/06 - 11/2/07	USBCOI002785-USBCOI002786
PAUL III No. 97519088 - Annual Policy Summary	11/3/07 - 11/2/08	USBCOI002787-USBCOI002789
PAUL III No. 97519088 - Annual Policy Summary	11/3/08 - 11/2/09	USBCOI002790-USBCOI002792
PAUL III No. 97519088 - Annual Policy Summary	11/3/09 - 11/2/10	USBCOI002793-USBCOI002795
PAUL III No. 97519088 - Annual Policy Summary	11/3/10 - 11/2/11	USBCOI002796-USBCOI002798
PAUL III No. 97519088 - Annual Policy Summary	11/3/11 - 11/2/12	PHL0973465-PHL0973468
PAUL II No. 97516376 - Annual Policy Summary	11/30/05 - 11/29/06	USBCOI193434-USBCOI193435

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Document Title/Description	Date	Bates Range
PAUL II No. 97516376 - Annual Policy Summary	11/30/06 - 11/29/07	PHL0973263-PHL0973266
PAUL II No. 97516376 - Annual Policy Summary	11/30/07 - 11/29/08	USBCOI191904-USBCOI191906
PAUL II No. 97516376 - Annual Policy Summary	11/30/08 - 11/29/09	USBCOI191907-USBCOI191909
PAUL II No. 97516376 - Annual Policy Summary	11/30/09 - 11/29/10	PHL0973275-PHL0973278
PAUL II No. 97516376 - Annual Policy Summary	11/30/10 - 11/29/11	USBCOI189389-USBCOI189391
PAUL II No. 97516376 - Annual Policy Summary	11/30/11 - 11/29/12	PHL0973283-PHL0973286
PAUL II No. 97515743 - Annual Policy Summary	12/22/05 - 12/21/06	USBCOI192381-USBCOI192383
PAUL II No. 97515745 - Annual Policy Summary	12/22/05 - 12/21/06	USBCOI192447-USBCOI192449
PAUL II No. 97515743 - Annual Policy Summary	12/22/06 - 12/21/07	USBCOI192384-USBCOI192386
PAUL II No. 97515745 - Annual Policy Summary	12/22/06 - 12/21/07	USBCOI192450-USBCOI192452
PAUL II No. 97515743 - Annual Policy Summary	12/22/07 - 12/21/08	USBCOI192387-USBCOI192389
PAUL II No. 97515745 - Annual Policy Summary	12/22/07 - 12/21/08	USBCOI192453-USBCOI192455
PAUL II No. 97515743 - Annual Policy Summary	12/22/08 - 12/21/09	USBCOI192390-USBCOI192392
PAUL II No. 97515745 - Annual Policy Summary	12/22/08 - 12/21/09	USBCOI192456-USBCOI192458
PAUL II No. 97515743 - Annual Policy Summary	12/22/09 - 12/21/10	USBCOI189634-USBCOI189636
PAUL II No. 97515745 - Annual Policy Summary	12/22/09 - 12/21/10	USBCOI189684-USBCOI189686
PAUL II No. 97515743 - Annual Policy Summary	12/22/10 - 12/21/11	PHL0973182-PHL0973184
PAUL II No. 97515745 - Annual Policy Summary	12/22/10 - 12/21/11	PHL0973205-PHL0973207
PAUL II No. 97515743 - Annual Policy Summary	12/22/11 - 12/21/12	PHL0973185-PHL0973187
PAUL II No. 97515745 - Annual Policy Summary	12/22/11 - 12/21/12	PHL0973208-PHL0973210
PAUL II No. 97515596 - Annual Policy Summary	12/9/05 - 12/8/06	USBCOI001399-USBCOI001400
PAUL II No. 97515597 - Annual Policy Summary	12/9/05 - 12/8/06	USBCOI002975-USBCOI002976
PAUL II No. 97515596 - Annual Policy Summary	12/9/06 - 12/8/07	USBCOI001401-USBCOI001403
PAUL II No. 97515597 - Annual Policy Summary	12/9/06 - 12/8/07	USBCOI002977-USBCOI002979
PAUL II No. 97515596 - Annual Policy Summary	12/9/07 - 12/8/08	USBCOI001404-USBCOI001406
PAUL II No. 97515597 - Annual Policy Summary	12/9/07 - 12/8/08	USBCOI002980-USBCOI002982
PAUL II No. 97515596 - Annual Policy Summary	12/9/08 - 12/8/09	USBCOI001407-USBCOI001409
PAUL II No. 97515597 - Annual Policy Summary	12/9/08 - 12/8/09	USBCOI002983-USBCOI002985
PAUL II No. 97515596 - Annual Policy Summary	12/9/09 - 12/8/10	USBCOI002957-USBCOI002959
PAUL II No. 97515597 - Annual Policy Summary	12/9/09 - 12/8/10	USBCOI002986-USBCOI002988
PAUL II No. 97515596 - Annual Policy Summary	12/9/10 - 12/8/11	USBCOI002960-USBCOI002963
PAUL II No. 97515597 - Annual Policy Summary	12/9/10 - 12/8/11	USBCOI002989-USBCOI002991
PAUL II No. 97515596 - Annual Policy Summary	12/9/11 - 12/8/12	PHL0973113-PHL0973115
PAUL II No. 97515597 - Annual Policy Summary	12/9/11 - 12/8/12	PHL0973134-PHL0973136
PAUL II No. 97516394 - Annual Policy Summary	2/10/06 - 2/9/07	USBCOI193049-USBCOI193050
PAUL II No. 97516394 - Annual Policy Summary	2/10/07 - 2/9/08	PHL0973329-PHL0973331
PAUL II No. 97516394 - Annual Policy Summary	2/10/08 - 2/9/09	USBCOI218642-USBCOI218644
PAUL II No. 97516394 - Annual Policy Summary	2/10/09 - 2/9/10	USBCOI190481-USBCOI190482
PAUL II No. 97516394 - Annual Policy Summary	2/10/10 - 2/9/11	USBCOI189876-USBCOI189878
PAUL II No. 97516394 - Annual Policy Summary	2/10/11 - 2/9/12	USBCOI218651-USBCOI218653
PAUL II No. 97516394 - Annual Policy Summary	2/10/12 - 2/9/13	PHL0973344-PHL0973346
PAUL II No. 97515667 - Annual Policy Summary	2/17/06 - 2/16/07	PHL0973137-PHL0973140
PAUL II No. 97515667 - Annual Policy Summary	2/17/07 - 2/16/08	USBCOI190623-USBCOI190625
PAUL II No. 97515667 - Annual Policy Summary	2/17/08 - 2/16/09	USBCOI190626-USBCOI190628
PAUL II No. 97515667 - Annual Policy Summary	2/17/09 - 2/16/10	USBCOI190629-USBCOI190631
PAUL II No. 97515667 - Annual Policy Summary	2/17/10 - 2/16/11	USBCOI188852-USBCOI188853
PAUL II No. 97515667 - Annual Policy Summary	2/17/11 - 2/16/12	USBCOI218625-USBCOI218626
PAUL II No. 97515667 - Annual Policy Summary	2/17/12 - 2/16/13	PHL0973161-PHL0973164
PAUL III No. 97528285 - Annual Policy Summary	2/25/08 - 2/24/09	USBCOI004048-USBCOI004051
PAUL III No. 97528285 - Annual Policy Summary	2/25/09 - 2/24/10	USBCOI004052-USBCOI004054
PAUL III No. 97528285 - Annual Policy Summary	2/25/10 - 2/24/11	USBCOI004055-USBCOI004057
PAUL III No. 97528285 - Annual Policy Summary	2/25/11 - 2/24/12	USBCOI004058-USBCOI004060
PAUL III No. 97528285 - Annual Policy Summary	2/25/12 - 2/24/13	PHL0973571-PHL0973574
PAUL II No. 97516375 - Annual Policy Summary	2/7/06 - 2/6/07	PHL0973238-PHL0973240
PAUL II No. 97516375 - Annual Policy Summary	2/7/07 - 2/6/08	PHL0973241-PHL0973243
PAUL II No. 97516375 - Annual Policy Summary	2/7/08 - 2/6/09	USBCOI191897-USBCOI191899
PAUL II No. 97516375 - Annual Policy Summary	2/7/09 - 2/6/10	USBCOI189326-USBCOI189328
PAUL II No. 97516375 - Annual Policy Summary	2/7/10 - 2/6/11	USBCOI189329-USBCOI189331
PAUL II No. 97516375 - Annual Policy Summary	2/7/11 - 2/6/11	PHL0973253-PHL0973255
PAUL II No. 97516375 - Annual Policy Summary	2/7/12 - 2/6/13	PHL0973256-PHL0973258
PAUL II No. 97516389 - Annual Policy Summary	2/8/06 - 2/7/07	USBCOI193432-USBCOI193433
PAUL II No. 97516389 - Annual Policy Summary	2/8/07 - 2/7/08	USBCOI193365-USBCOI193367
PAUL II No. 97516389 - Annual Policy Summary	2/8/08 - 2/7/09	USBCOI189896-USBCOI189898
PAUL II No. 97516389 - Annual Policy Summary	2/8/09 - 2/7/10	USBCOI193194-USBCOI193195
PAUL II No. 97516389 - Annual Policy Summary	2/8/10 - 2/7/11	USBCOI189899-USBCOI189901
PAUL II No. 97516389 - Annual Policy Summary	2/8/11 - 2/7/12	PHL0973319-PHL0973322
PAUL II No. 97516389 - Annual Policy Summary	2/8/12 - 2/7/13	PHL0973323-PHL0973326

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Eleventh Annual Advanced Ali-Aba Conference on Insurance Industry and Financial Services Litigation; Update: Recent Life Insurance and Financial Services Litigation	3/30/06-3/31/06	TW-PF-00000024-00000052
PAUL II No. 97513181 - Annual Policy Summary	5/12/05 - 5/11/06	USBCOI003508-USBCOI003510
PAUL II No. 97513181 - Annual Policy Summary	5/12/06 - 5/11/07	USBCOI000203-USBCOI000204
PAUL II No. 97513181 - Annual Policy Summary	5/12/07 - 5/11/08	USBCOI000205-USBCOI000207
PAUL II No. 97513181 - Annual Policy Summary	5/12/08 - 5/11/09	USBCOI000208-USBCOI000211
PAUL II No. 97513181 - Annual Policy Summary	5/12/09 - 5/11/10	USBCOI000212-USBCOI000214
PAUL II No. 97513181 - Annual Policy Summary	5/12/10 - 5/11/11	USBCOI003524-USBCOI003527
PAUL II No. 97513181 - Annual Policy Summary	5/12/11 - 5/11/12	USBCOI218666-USBCOI218668
PAUL II No. 97513181 - Annual Policy Summary	5/12/12 - 5/11/13	PHL0972877-PHL0972879
PAUL III No. 97522375 - Annual Policy Summary	5/25/07 - 5/24/08	USBCOI000001-USBCOI000002
PAUL III No. 97522375 - Annual Policy Summary	5/25/08 - 5/24/09	USBCOI000003-USBCOI000005
PAUL III No. 97522375 - Annual Policy Summary	5/25/09 - 5/24/10	USBCOI000006-USBCOI000008
PAUL III No. 97522375 - Annual Policy Summary	5/25/10 - 5/24/11	USBCOI000009-USBCOI000011
PAUL III No. 97522375 - Annual Policy Summary	5/25/11 - 5/24/12	USBCOI000012-USBCOI000014
PAUL III No. 97518600 - Annual Policy Summary	7/12/06 - 7/11/07	PHL0973347-PHL0973350
PAUL III No. 97518606 - Annual Policy Summary	7/12/06 - 7/11/07	PHL0973369-PHL0973372
PAUL III No. 97518600 - Annual Policy Summary	7/12/07 - 7/11/08	USBCOI188956-USBCOI188959
PAUL III No. 97518606 - Annual Policy Summary	7/12/07 - 7/11/08	USBCOI188960-USBCOI188963
PAUL III No. 97518600 - Annual Policy Summary	7/12/08 - 7/11/09	USBCOI188964-USBCOI188966
PAUL III No. 97518606 - Annual Policy Summary	7/12/08 - 7/11/09	USBCOI189033-USBCOI189035
PAUL III No. 97518600 - Annual Policy Summary	7/12/09 - 7/11/10	PHL0973357-PHL0973359
PAUL III No. 97518606 - Annual Policy Summary	7/12/09 - 7/11/10	PHL0973379-PHL0973381
PAUL III No. 97518600 - Annual Policy Summary	7/12/10 - 7/11/11	USBCOI188967-USBCOI188969
PAUL III No. 97518606 - Annual Policy Summary	7/12/10 - 7/11/11	USBCOI189036-USBCOI189038
PAUL III No. 97518600 - Annual Policy Summary	7/12/11 - 7/11/12	PHL0973363-PHL0973365
PAUL III No. 97518606 - Annual Policy Summary	7/12/11 - 7/11/12	PHL0973385-PHL0973387
PAUL III No. 97518600 - Annual Policy Summary	7/12/12 - 7/11/13	PHL0973366-PHL0973368
PAUL III No. 97518606 - Annual Policy Summary	7/12/12 - 7/11/13	PHL0973388-PHL0973390
PAUL II No. 97513959 - Annual Policy Summary	7/20/05 - 7/19/06	USBCOI190975-USBCOI190977
PAUL II No. 97513963 - Annual Policy Summary	7/20/05 - 7/19/06	USBCOI191117-USBCOI191119
PAUL II No. 97513959 - Annual Policy Summary	7/20/06 - 7/19/07	USBCOI190978-USBCOI190980
PAUL II No. 97513963 - Annual Policy Summary	7/20/06 - 7/19/07	USBCOI191120-USBCOI191122
PAUL II No. 97513959 - Annual Policy Summary	7/20/07 - 7/19/08	USBCOI190981-USBCOI190983
PAUL II No. 97513963 - Annual Policy Summary	7/20/07 - 7/19/08	USBCOI191123-USBCOI191125
PAUL II No. 97513959 - Annual Policy Summary	7/20/08 - 7/19/09	USBCOI190984-USBCOI190987
PAUL II No. 97513963 - Annual Policy Summary	7/20/08 - 7/19/09	USBCOI191126-USBCOI191129
PAUL II No. 97513959 - Annual Policy Summary	7/20/09 - 7/19/10	USBCOI190988-USBCOI190990
PAUL II No. 97513963 - Annual Policy Summary	7/20/09 - 7/19/10	USBCOI191130-USBCOI191132
PAUL II No. 97513959 - Annual Policy Summary	7/20/10 - 7/19/11	USBCOI189111-USBCOI189113
PAUL II No. 97513963 - Annual Policy Summary	7/20/10 - 7/19/11	USBCOI189146-USBCOI189149
PAUL II No. 97513959 - Annual Policy Summary	7/20/11 - 7/19/12	PHL0972929-PHL0972931
PAUL II No. 97513963 - Annual Policy Summary	7/20/11 - 7/19/12	PHL0972958-PHL0972961
PAUL II No. 97513959 - Annual Policy Summary	7/20/12 - 7/19/13	PHL0972932-PHL0972934
PAUL II No. 97513963 - Annual Policy Summary	7/20/12 - 7/19/13	PHL0972962-PHL0972965
PAUL II No. 97513947 - Annual Policy Summary	7/22/05 - 7/21/06	USBCOI004168-USBCOI004170
PAUL II No. 97513947 - Annual Policy Summary	7/22/06 - 7/21/07	USBCOI000692-USBCOI000693
PAUL II No. 97513947 - Annual Policy Summary	7/22/07 - 7/21/08	USBCOI000694-USBCOI000696
PAUL II No. 97513947 - Annual Policy Summary	7/22/08 - 7/21/09	USBCOI000697-USBCOI000699
PAUL II No. 97513947 - Annual Policy Summary	7/22/09 - 7/21/10	USBCOI000700-USBCOI000702
PAUL II No. 97513947 - Annual Policy Summary	7/22/10 - 7/21/11	USBCOI004182-USBCOI004184
PAUL II No. 97513947 - Annual Policy Summary	7/22/11 - 7/21/12	USBCOI218705-USBCOI218707
PAUL II No. 97513947 - Annual Policy Summary	7/22/12 - 7/21/13	PHL0972903-PHL0972905
PAUL II No. 97514311 - Annual Policy Summary	8/13/06 - 8/12/06	PHL0973040-PHL0973043
PAUL II No. 97514311 - Annual Policy Summary	8/13/06 - 8/12/07	PHL0973044-PHL0973047
PAUL II No. 97514311 - Annual Policy Summary	8/13/07 - 8/12/08	USBCOI190249-USBCOI190252
PAUL II No. 97514311 - Annual Policy Summary	8/13/08 - 8/12/09	USBCOI188456-USBCOI188458
PAUL II No. 97514311 - Annual Policy Summary	8/13/09 - 8/12/10	PHL0973056-PHL0973059
PAUL II No. 97514311 - Annual Policy Summary	8/13/10 - 8/12/11	USBCOI188459-USBCOI188461
PAUL II No. 97514311 - Annual Policy Summary	8/13/11 - 8/12/12	PHL0973064-PHL0973067
PAUL II No. 97514311 - Annual Policy Summary	8/13/12 - 8/12/13	PHL0973068-PHL0973071
PAUL II No. 97514213 - Annual Policy Summary	8/23/05 - 8/22/06	USBCOI002514-USBCOI002516
PAUL II No. 97514213 - Annual Policy Summary	8/23/06 - 8/22/07	USBCOI000534-USBCOI000536
PAUL II No. 97514213 - Annual Policy Summary	8/23/07 - 8/22/08	USBCOI000537-USBCOI000539
PAUL II No. 97514213 - Annual Policy Summary	8/23/08 - 8/22/09	USBCOI000540-USBCOI000543
PAUL II No. 97514213 - Annual Policy Summary	8/23/09 - 8/22/10	USBCOI000544-USBCOI000546
PAUL II No. 97514213 - Annual Policy Summary	8/23/10 - 8/22/11	USBCOI002530-USBCOI002532

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Documents Considered

Document Title/Description	Date	Bates Range
PAUL II No. 97514213 - Annual Policy Summary	8/23/11 - 8/22/12	USBCOI218685-USBCOI218687
PAUL II No. 97514277 - Annual Policy Summary	8/25/05 - 8/24/06	USBCOI001735-USBCOI001737
PAUL II No. 97514279 - Annual Policy Summary	8/25/05 - 8/24/06	USBCOI001770-USBCOI001772
PAUL II No. 97514277 - Annual Policy Summary	8/25/06 - 8/24/07	USBCOI000873-USBCOI000875
PAUL II No. 97514279 - Annual Policy Summary	8/25/06 - 8/24/07	USBCOI001049-USBCOI001051
PAUL II No. 97514277 - Annual Policy Summary	8/25/07 - 8/24/08	USBCOI000876-USBCOI000878
PAUL II No. 97514279 - Annual Policy Summary	8/25/07 - 8/24/08	USBCOI001052-USBCOI001054
PAUL II No. 97514277 - Annual Policy Summary	8/25/08 - 8/24/09	USBCOI000879-USBCOI000882
PAUL II No. 97514279 - Annual Policy Summary	8/25/08 - 8/24/09	USBCOI001055-USBCOI001058
PAUL II No. 97514277 - Annual Policy Summary	8/25/09 - 8/24/10	USBCOI000883-USBCOI000885
PAUL II No. 97514279 - Annual Policy Summary	8/25/09 - 8/24/10	USBCOI001059-USBCOI001061
PAUL II No. 97514277 - Annual Policy Summary	8/25/10 - 8/24/11	USBCOI001766-USBCOI001769
PAUL II No. 97514279 - Annual Policy Summary	8/25/10 - 8/24/11	USBCOI001802-USBCOI001805
PAUL II No. 97514277 - Annual Policy Summary	8/25/11 - 8/24/12	USBCOI218727-USBCOI218729
PAUL II No. 97514279 - Annual Policy Summary	8/25/11 - 8/24/12	USBCOI218746-USBCOI218748
Table of maximum current monthly non-guaranteed cost of insurance rates - 05PAUL and 05ITR		PHL016458-PHL016566
Table of maximum current monthly non-guaranteed cost of insurance rates - U607 NY and UR88 NY		PHL016567-PHL016639
Threshold Tables PAULIII		PHL0176710-PHL0176710
Threshold Tables PAUL IIC		PHL0535884-PHL0535884
PAUL IIC_BASE_COI		PHL0592354-PHL0592354
PAULL III A Pre Increase COI Tables		PHL0699197-PHL0699197
PAULL III BC Pre Increase COI Tables		PHL0699198-PHL0699198
PAUL III 2010 Increase Pre Increase COI Table		PHL0724099-PHL0724099
COI_Table2c(PAULIIC) - Final		PHL0760770-PHL0760770
Certification of Compliance NAIC Life Illustrations Model Regulation & Actuarial Standards of Practice No. 24 - Policy Form U606/U607 - Marketing Name: Phoenix Accumulator Universal Life (PAUL), December 2004		PHL0174499-PHL0174507
Certification of Compliance NAIC Life Illustrations Model Regulation & Actuarial Standards of Practice No. 24 - Policy Form 05PAUL - Marketing Name: Phoenix Accumulator Universal Life III.z(PAUL)		PHL0174508-PHL0174516
Attachment 4A - Phoenix Life Insurance Company - PAUL Self-Supporting Test Results (to support October 30, 2003 Certification)		PHL0177532-PHL0177532
Email exchange between S. Kwassman and B. Frank, Subject: Illustration Actuary Tests - PAUL, August 20, 2004 to August 26, 2004		PHL0579893-PHL0579895
Phoenix Estate Legacy II (PEL II)		PHL0579896-PHL0579896
Email Exchange between B. Frank and K. Underwood, Subject: Annual Illustration Actuary Certification, February 26, 2009 to March 24, 2009		PHL0598764-PHL0598769
Email Exchange between K. Underwood and B. Frank, Subject: Illustration Actuary, March 3, 2009 to March 5, 2009		PHL0648001-PHL0648005
Email Exchange between C. Friedli, T. Buckingham, D. Griswold, B. Frank and K. Hurley, Subject: PAUL Interest Rate Change, March 27, 2009 to March 31, 2009		PHL0649753-PHL0649756
Email from B. Lemek, to G. O'Connell, Subject: Old Folder, March 4, 2010 to March 10, Certification of Compliance NAIC Life Illustrations Model Regulation & Actuarial Standard of Practice No. 24 - Policy Form U606/U607 - Marketing Name: Phoenix Accumulator Universal Life (PAUL), March 2004		PHL0698373-PHL0698373
Email Exchange between K. Shannon and B. Frank, Subject: Illustration Actuary, December 16, 2009 to December 21, 2009		PHL0749801-PHL0749804
Certification of Compliance with the NAIC Life Illustrations Model Regulation & Actuarial Standard of Practice No. 24 - Policy Form U606/U607 - Marketing Name: Phoenix Accumulator Universal Life (PAUL)		PHL0775703-PHL0775707
"Exhibit III: Detailed Calculations of the COI Charges," Policy 97303407		PHL0000330-PHL0000330
Certification of Compliance - NAIC Life Illustrations Model Regulation & Actuarial Standards of Practice No. 24 - Policy Form U606/U607 - Marketing Name: Phoenix Accumulator Universal Life (PAUL)		PHL0174499-PHL0174507
PNXPSC Notes (Redacted), 8/17/2005 and 8/25/2005		PHL0582716-PHL0582721
Letter Template from Customer Care Center to Policyholder		PLIC 000731-PLIC 000731
Letter from Phoenix to Policyholder, Approved by NYID January 12, 2001		PLIC015751-PLIC015782
Phoenix Life Insurance Company Policy Documents, Approved by NYID on March 14, 2006		PLIC016193-PLIC016231
Phoenix Economic Capital Initiative - Phase II - UL Product Pilot Base Model Specifications, Deloitte Consulting LLP		PLIC0734958-PLIC0734983
UL Product-Specific Shocks Approaches		PLIC0734984-PLIC0734987
PAUL COI Increase Options		PHL015902-PHL015902
Timeline / Next Steps		PHL016061-PHL016080
2009/2010 PAUL Lapses by Month, Duration and Older Age Status - Policy Count and Base Face Amount		PHL025237-PHL025237

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Document Title/Description	Date Bates Range
2009/2010 PAUL Surrenders by Month, Duration and Older Age Status - Policy Count and Base Face Amount	PHL025238-PHL025238
2003 - 2008q2 UL & VUL Mortality Study	PHL0700615-PHL0700616
PAUL Older Age Premium Persistency Assumption	PHL0700617-PHL0700618
Process Description: Data Analysis of Older Age - Premium Persistency Assumption	PHL0719349-PHL0719350
General Guidelines for Universal Life and Interest-Sensitive Life Products	PHL0776285-PHL0776285
Exhibit 5 Attachment - Question 3 (Non-guaranteed Elements) - Phoenix Life Insurance Company - Determination of Non-Guaranteed Elements, 2008	PHL0776286-PHL0776287
Annual Policy Summary Phoenix Accumulator II for Policy 97514277 for the Period August 25, 2010 - August 24, 2011	USBCOI001751-USBCOI001753
Annual Policy Summary Phoenix Accumulator II for Policy 97514279 for the Period August 25, 2010 - August 24, 2011	USBCOI001786 -USBCOI001788
Annual Policy Summary Phoenix Accumulator II for Policy 97515342 for the Period November 12, 2010 - November 11, 2011	USBCOI001822 -USBCOI001824
Annual Policy Summary Phoenix Accumulator II for Policy 97515596 for the Period December 9, 2010 - December 8, 2011	USBCOI002960 -USBCOI002963
Annual Policy Summary Phoenix Accumulator II for Policy 97515597 for the Period December 9, 2010 - December 8, 2011	USBCOI002989 -USBCOI002991
Annual Policy Summary Phoenix Accumulator II for Policy 97515795 for the Period November 12, 2010 - November 11, 2011	USBCOI003806 -USBCOI003808
Handwritten Notes re Review product specs & pricing documentation	TW-PF 1164-TW-PF 1165
Phoenix Redetermination Project – Actuarial Standards of Practice Review	TW-PF 1176-TW-PF 1178
Actuarial Report on Redetermination Topics to be Covered	TW-PF 1179-TW-PF 1180
General Guidelines for Universal Life and Interest-Sensitive Life Products	TW-PF 1198-TW-PF 1200
Original Pricing – PAUL IIC – Premium to Endow	TW-PF 1201-TW-PF 1202
Rationale for Using Old Assumptions in Past Years	TW-PF-00000860
New Project X Specifications Proposal	TW-PF-00000861-00000863
Handwritten Notes	TW-PF-00001164-00001165
Handwritten Notes	TW-PF-00001168-00001175
Phoenix Redetermination Project	TW-PF-00001176-00001178
Actuarial Report on Redetermination Topics to be Covered	TW-PF-00001179-00001180
General Guidelines for Universal Life and Interest-Sensitive Life Products	TW-PF-00001198-00001200
Original Pricing - PAUL IIC Premium to Endow	TW-PF-00001201-00001202
Calculation of COI Thresholds for PAUL IIC and PAUL III	TW-PF-00001203-00001214
Mapping Projected Funding Types in to Unlimited States	TW-PF-00001215-00001227
Mapping Projected Funding Types in to Unlimited States	TW-PF-00001228
UL & VUL Mortality Study 2004-2009q2	TW-PF-00001229-00001233
General Guidelines for Universal Life and Interest-Sensitive Life Products	TW-PF-00001453
PHL Variable Insurance Company Determination of Non-Guaranteed Elements 2008	TW-PF-00001454-00001461
Product Funding Chart	TW-PF-00006970
Product Funding Chart – Prior to COI Increase	TW-PF-00006973
PAUL LLC Table	TW-PF-00007039-00007047
Mapping Projected Funding Types in to Ultimate States (Level Funded, ART Funding, Lapsed)	TW-PF-00033428-00033436
Underfunded UL Pricing Summary	TW-PF-00127308
"Break the Barrier to Premium Financing with Phoenix Accumulator II," Phoenix	PHL0176332
Product - Approval Document - PAUL II Decrease in Cost of Insurance Rates "Product Approval Document, PAUL II, Decrease in Cost of Insurance Rates," Version 2, June 9, 2004	PHL0875839-PHL0875849
Preliminary Product Approval Document - PEL III/PAUL II Review of Term Rider Caps, Cost of Insurance Rates and Age 100+ Rider Rates	PHL0737551-PHL0737563
Complete Premium Payment History	USBCOI1259577-82
Underfunded UL Proposed Methodology	TW-PF-00127310-00127311
<u>Miscellaneous</u>	
"The Life Settlements Market: An Actuarial Perspective on Consumer Economic Value," Deloitte Consulting LLP and The University of Connecticut	2005
Society of Financial Examiners Supplemental Background Material - NAIC Examiner Project - Course AFE 1 - Life and Health Insurance Fundamentals	2005
"What You Should Know About Buying Life Insurance," American Council of Life Insurers	2012
"Life Insurance Long View - Life Settlements Need Not Be Unsettling," Bernstein Research	3/4/2005
Frank, Michael L., "Life Settlements - Understanding the Risks and the Benefits," <i>Insurance Journal-West</i>	5/23/2005
Silverman, Rachel Emma, "Letting an Investor Bet on When You'll Die," <i>Wall Street Journal</i>	5/26/2005
Jones, R. Marshall, Stephan R. Leimberg, and Lawrence J. Rybka, "Free' Life Insurance: Risks and Costs of Non-Recourse Premium Financing," <i>Estate Planning</i> 33, no. 7	July 2006

Exhibit 2

Documents Considered

Document Title/Description	Date Bates Range
"Life Settlement Industry Poised for Growth as Financed Policies Hit Market; Welcome Funds CEO Advises Policyholders to Shop for Multiple Offers," Life Insurance Settlement Association	8/22/2006
Doherty, Neil A., and Hal J. Singer, "Regulating the Secondary Market for Life Insurance Policies," <i>Journal of Insurance Regulation</i>	
2004 - 2005 Data Collection Report, Life Insurance Settlement Association	
http://finance.yahoo.com/	
"Appendix C-Primary Tables (Excel Spreadsheet) – revised 02.16.09, including temporary smoking status unknown tables" found at http://www.soa.org/research/experience-study/individual/valuation/2008-vbt-report-tables.aspx	
Bloomberg	

All other materials cited in this report and in the exhibits to this report.

Exhibit 3A
Policy Information Summary ^[1]

#	Policy Number	Policy Type	Bates Range of Policy	Name of First Insured	Gender	Issue Age	Risk Class	Face Amount	Issue Date	Policy Anniversary	Death Benefit Option
											(4)
1	97513181	PAUL II	USBCO1000311 - 357	Rimvydas Kaminskas	Male	74	Preferred	\$8,000,000	5/12/05	May 12	A
2	97513947	PAUL II	USBCO1000753 - 804	Martin E Serbin	Male	72	Preferred Plus	\$10,000,000	7/22/05	July 22	A
3	97514213	PAUL II	USBCO1000559 - 622	Ruth Gottlieb	Female	73	Non-Smoker	\$4,500,000	8/23/05	August 23	A
4	97514277	PAUL II	USBCO1000932 - 980	Gwenyth A Gosch	Female	75	Preferred Plus	\$4,000,000	8/25/05	August 25	A
5	97514279	PAUL II	USBCO1001100 - 148	Gwenyth A Gosch	Female	75	Preferred Plus	\$4,000,000	8/25/05	August 25	A
6	97515342	PAUL II	USBCO1001277 - 332	Gwenyth A Gosch	Female	75	Preferred Plus	\$2,000,000	11/12/05	November 12	A
7	97515596	PAUL II	USBCO1001438 - 497	Helen Marie Jensen	Female	74	Preferred Plus	\$2,500,000 ⁽⁵⁾	12/9/05	December 9	A
8	97515597	PAUL II	USBCO1001609 - 668	Helen Marie Jensen	Female	74	Preferred Plus	\$2,500,000 ⁽⁵⁾	12/9/05	December 9	A
9	97515795	PAUL II	USBCO1008188 - 246	Zada B Megonigal	Female	73	Preferred Plus	\$7,500,000	11/12/05	November 12	A
10	97519088	PAUL III	USBCO1007745 - 786	Valerie A Hipp	Female	75	Non-Smoker	\$5,000,000	11/3/06	November 3	A
11	97522375	PAUL III	USBCO1183487 - 522	Wallace Downs	Male	78	Non-Smoker	\$5,000,000	5/25/07	May 25	A
12	97528285	PAUL III	USBCO1022270 - 314	Neil Miller	Male	66	Preferred	\$5,000,000	2/25/08	February 25	A
13	97515667 ⁽⁶⁾	PAUL II	USBCO190661 - 710	Robert D Campbell	Male	71	Non-Smoker	\$6,000,000	2/2/06	February 17	A
14	97516379	PAUL II	USBCO192818 - 865	Beverly Stein	Female	76	Preferred	\$10,000,000	1/25/06	January 25	A
15	97516394	PAUL II	USBCO193099 - 141	Jack Wollman	Male	79	Non-Smoker	\$10,000,000	2/10/06	February 10	A
16	97516389	PAUL II	USBCO193246 - 293	Jung O Yoon	Male	75	Non-Smoker	\$10,000,000	2/8/06	February 8	A
17	97513963	PAUL II	USBCO191276 - 337	Donald Hannon	Male	72	Preferred	\$10,000,000	7/20/05	July 20	A
18	97513959	PAUL II	USBCO191214 - 275	Donald Hannon	Male	72	Preferred	\$10,000,000	7/20/05	July 20	A
19	97516376	PAUL II	USBCO191928 - 975	Sheila Kahn	Female	75	Non-Smoker	\$20,000,000	11/30/05	November 30	A
20	97515745	PAUL II	USBCO192521 - 572	Gerald LeWinter	Male	73	Preferred	\$5,000,000	12/22/05	December 22	A
21	97515743	PAUL II	USBCO192469 - 520	Gerald LeWinter	Male	73	Preferred	\$5,000,000	12/22/05	December 22	A
22	97516375	PAUL II	USBCO188387 - 452	Sheila Kahn	Female	76	Non-Smoker	\$10,000,000	2/7/06	February 7	A
23	97518647	PAUL III	USBCO191456 - 489	Walker Labrunerie	Male	76	Preferred	\$10,000,000	10/10/06	October 10	A
24	97519065	PAUL III	USBCO189182 - 224	Walker Labrunerie	Male	76	Preferred	\$5,000,000	10/10/06	October 10	A
25	97519064	PAUL III	USBCO191490 - 523	Walker Labrunerie	Male	76	Preferred	\$10,000,000	10/10/06	October 10	A
26	97514311	PAUL II	USBCO193002 - 048	Marvin R Agran	Male	72	Non-Smoker	\$5,000,000	8/13/05	August 13	A
27	97535603	PAUL II	USBCO124816 - 877	Martin Willick	Male	72	Non-Smoker	\$5,000,000	10/25/05	October 25	A
28	97519675	PAUL III	USBCO191421 - 455	Ronald D Bloomer	Male	71	Non-Smoker	\$4,000,000	11/29/06	November 29	A
29	97519674	PAUL III	USBCO191384 - 419	Ronald D Bloomer	Male	71	Non-Smoker	\$4,000,000	11/29/06	November 29	A
30	97519664	PAUL III	USBCO191348 - 383	Ronald D Bloomer	Male	71	Non-Smoker	\$2,000,000	11/29/06	November 29	A
31	97518606	PAUL III	USBCO191593 - 628	Edward A Delman	Male	78	Non-Smoker	\$5,000,000	7/12/06	July 12	A
32	97518600	PAUL III	USBCO191557 - 592	Edward A Delman	Male	78	Non-Smoker	\$5,000,000	7/12/06	July 12	A
33	97519155	PAUL III	USBCO191524 - 556	John Jakobson	Male	76	Preferred	\$10,000,000	11/15/06	November 15	A

Note:

[1] Information is taken from policy unless otherwise noted.

[2] The face amount for all 33 policies remained the same from policy issuance date to the end of the period listed on latest annual summary received.

[3] Information is taken from annual summaries.

[4] The death benefit option remained the same from policy issuance date to the end of the period listed on latest annual summary received. Option A is also referenced as Option 1.

[5] These policies each have a face amount of \$2,500,000, but a total death benefit of \$5,000,000, due to an individual term rider adding \$2,500,000 of death benefit. See, for example, USBCO1001438-497 at USBCO1001445 and USBCO1001609-668 at USBCO1001616.

[6] Policy 97515667 did not contain information on risk class and death benefit option typically found on the other policies. Policy illustrations and annual summaries were relied upon for this information.

Exhibit 3B
Policy Information Summary^[1]

#	Policy Number	Policy Type	No Lapse Condition	Monthly Guarantee Premium	Minimum Premium	Maximum Premium	COI Increase Year	Date of COI Increase ⁽²⁾	Date of Increase Letter	Bates Number of Letter
(3)	(3)	(3)								
1	97513181	PAUL II	Years 1-7: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Policy Value less any policy debt, Years 7+: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Surrender Value	N/A	\$25	Greater of \$5,179,529.78 and \$759,976.82 x number (or fraction) of elapsed policy years after May 12, 2005 ⁽⁴⁾	2010 ⁽⁵⁾	5/12/2010 ⁽⁵⁾	3/8/10	USBCOI000298
2	97513947	PAUL II	Years 1-7: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Policy Value less any policy debt, Years 7+: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Surrender Value	N/A	\$25	Greater of \$6,124,270.47 and \$839,174.48 x number (or fraction) of elapsed policy years after July 22, 2005 ⁽⁴⁾	2010	7/22/10	3/19/10	USBCOI000740
3	97514213	PAUL II	Years 1-7: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Policy Value less any policy debt, Years 7+: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Surrender Value	N/A	\$25	Greater of \$2,543,428.17 and \$322,316.41 x number (or fraction) of elapsed policy years after August 23, 2005 ⁽⁴⁾	2010	8/23/10	3/19/10	USBCOI000533
4	97514277	PAUL II	Years 1-7: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Policy Value less any policy debt, Years 7+: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Surrender Value	N/A	\$25	Greater of \$2,415,083.32 and \$327,177.35 x number (or fraction) of elapsed policy years after August 25, 2005 ⁽⁴⁾	2010	8/25/10	3/19/10	USBCOI000921
5	97514279	PAUL II	Years 1-7: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Policy Value less any policy debt, Years 7+: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Surrender Value	N/A	\$25	Greater of \$2,415,083.32 and \$327,177.35 x number (or fraction) of elapsed policy years after August 25, 2005 ⁽⁴⁾	2010	8/25/10	3/19/10	USBCOI001097
6	97515342	PAUL II	Years 1-7: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Policy Value less any policy debt, Years 7+: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Surrender Value	N/A	\$25	Greater of \$1,208,007.46 and \$163,644.50 x number (or fraction) of elapsed policy years after November 12, 2005 ⁽⁴⁾	2010	11/12/10	3/19/10	USBCOI001262
7	97515596	PAUL II	Years 1-7: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Policy Value less any policy debt, Years 7+: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Surrender Value	N/A	\$25	Greater of \$2,415,122.10 and \$381,521.57 x number (or fraction) of elapsed policy years after December 9, 2005 ⁽⁴⁾	2010	12/9/10	3/19/10	USBCOI001427
8	97515597	PAUL II	Years 1-7: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Policy Value less any policy debt, Years 7+: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Surrender Value	N/A	\$25	Greater of \$2,914,122.10 and \$381,521.57 x number (or fraction) of elapsed policy years after December 9, 2005 ⁽⁴⁾	2010	12/9/10	3/19/10	USBCOI003002
9	97515795	PAUL II	Years 1-7: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Policy Value less any policy debt, Years 7+: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Surrender Value	N/A	\$25	Greater of \$4,238,101.92 and \$537,091.22 x number (or fraction) of elapsed policy years after November 12, 2005 ⁽⁴⁾	2010	11/12/10	3/19/10	USBCOI003819
10	97519088	PAUL III	Years 1-5: If Total Cumulative Premium Test is satisfied, Years 6-9: If on any Monthly Calculation Day the Monthly Deductions do not exceed Net Policy Value , Years 9+: If on any Monthly Calculation Day the Monthly Deductions do not exceed the Net Surrender Value	\$9,233.33	\$25	\$1,000,000	2010	11/3/10	3/19/10	USBCOI002820
11	97522375	PAUL III	Years 1-5: If Total Cumulative Premium Test is satisfied, Years 6-9: If on any Monthly Calculation Day the Monthly Deductions do not exceed Net Policy Value , Years 9+: If on any Monthly Calculation Day the Monthly Deductions do not exceed the Net Surrender Value	\$15,187.50	\$25	\$1,000,000	2011	5/25/12	10/17/11	USBCOI000034
12	97528285	PAUL III	Years 1-5: If Total Cumulative Premium Test is satisfied, Years 6-9: If on any Monthly Calculation Day the Monthly Deductions do not exceed Net Policy Value , Years 9+: If on any Monthly Calculation Day the Monthly Deductions do not exceed the Net Surrender Value	\$6,587.50	\$25	\$1,000,000	2011	2/25/12	10/10/11	USBCOI004064
13	97515667	PAUL II	Years 1-7: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Policy Value less any policy debt, Years 7+: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Surrender Value	N/A	\$25	N/A ⁽⁶⁾	2010	2/17/11	3/8/10	USBCOI188912
14	97516379	PAUL II	Years 1-7: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Policy Value less any policy debt, Years 7+: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Surrender Value	N/A	\$25	Greater of \$6,224,787.73 and \$874,085.37 x number (or fraction) of elapsed policy years after January 25, 2006 ⁽⁴⁾	2010	1/25/11	3/8/10	USBCOI189781
15	97516394	PAUL II	Years 1-7: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Policy Value less any policy debt, Years 7+: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Surrender Value	N/A	\$25	Greater of \$7,277,247.31 and \$1,288,548.89 x number (or fraction) of elapsed policy years after February 10, 2006 ⁽⁴⁾	2010	2/10/11	3/8/10	USBCOI189895
16	97516389	PAUL II	Years 1-7: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Policy Value less any policy debt, Years 7+: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Surrender Value	N/A	\$25	Greater of \$6,642,930.50 and \$1,010,143.08 x number (or fraction) of elapsed policy years after February 8, 2006 ⁽⁴⁾	2010	2/8/11	3/8/10	USBCOI189918
17	97513963	PAUL II	Years 1-7: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Policy Value less any policy debt, Years 7+: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Surrender Value	N/A	\$25	Greater of \$6,124,917.84 and \$839,249.86 x number (or fraction) of elapsed policy years after February 10, 2005 ⁽⁴⁾	2010	7/20/10	3/19/10	USBCOI189181
18	97513959	PAUL II	Years 1-7: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Policy Value less any policy debt, Years 7+: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Surrender Value	N/A	\$25	Greater of \$6,124,917.84 and \$839,249.86 x number (or fraction) of elapsed policy years after July 20, 2005 ⁽⁴⁾	2010	7/20/10	3/19/10	USBCOI189145
19	97516376	PAUL II	Years 1-7: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Policy Value less any policy debt, Years 7+: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Surrender Value	N/A	\$25	Greater of \$12,071,690.20 and \$1,635,440.15 x number (or fraction) of elapsed policy years after November 30, 2005 ⁽⁴⁾	2010	11/30/10	3/19/10	USBCOI189436
20	97515745	PAUL II	Years 1-7: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Policy Value less any policy debt, Years 7+: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Surrender Value	N/A	\$25	Greater of \$3,151,227.78 and \$446,556.04 x number (or fraction) of elapsed policy years after December 22, 2005 ⁽⁴⁾	2010	12/22/10	3/19/10	USBCOI189733
21	97515743	PAUL II	Years 1-7: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Policy Value less any policy debt, Years 7+: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Surrender Value	N/A	\$25	Greater of \$3,151,227.78 and \$446,556.04 x number (or fraction) of elapsed policy years after December 22, 2005 ⁽⁴⁾	2010	12/22/10	3/19/10	USBCOI189683
22	97516375	PAUL II	Years 1-7: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Policy Value less any policy debt, Years 7+: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Surrender Value	N/A	\$25	Greater of \$6,227,156.15 and \$874,368.95 x number (or fraction) of elapsed policy years after February 7, 2006 ⁽⁴⁾	2010	2/7/11	3/8/10	USBCOI189388

Exhibit 3B
Policy Information Summary^[1]

#	Policy Number	Policy Type	No Lapse Condition	Monthly Guarantee Premium	Minimum Premium	Maximum Premium	COI Increase Year (3)	Date of COI Increase ⁽²⁾ (3)	Date of Increase Letter (3)	Bates Number of Letter
23	97518647	PAUL III	Years 1-5: If Total Cumulative Premium Test is satisfied, Years 6-9: If on any Monthly Calculation Day the Monthly Deductions do not exceed Net Policy Value , Years 9+: If on any Monthly Calculation Day the Monthly Deductions do not exceed the Net Surrender Value	\$22,350.00	\$25	\$1,000,000	2010	10/10/10	3/19/10	USBCOI189624
24	97519065	PAUL III	Years 1-5: If Total Cumulative Premium Test is satisfied, Years 6-9: If on any Monthly Calculation Day the Monthly Deductions do not exceed Net Policy Value , Years 9+: If on any Monthly Calculation Day the Monthly Deductions do not exceed the Net Surrender Value	\$11,175.00	\$25	\$1,000,000	2010	10/10/10	3/19/10	USBCOI189566
25	97519064	PAUL III	Years 1-5: If Total Cumulative Premium Test is satisfied, Years 6-9: If on any Monthly Calculation Day the Monthly Deductions do not exceed Net Policy Value , Years 9+: If on any Monthly Calculation Day the Monthly Deductions do not exceed the Net Surrender Value	\$22,350.00	\$25	\$1,000,000	2010	10/10/10	3/19/10	USBCOI189499
26	97514311	PAUL II	Years 1-7: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Policy Value less any policy debt, Years 7+: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Surrender Value	N/A	\$25	Greater of \$3,063,336.73 and \$419,729.66 x number (or fraction) of elapsed policy years after August 13, 2005 ⁽⁴⁾	2010	8/13/10	3/19/10	USBCOI188532
27	97535603	PAUL II	Years 1-7: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Policy Value less any policy debt, Years 7+: If on any Monthly Calculation Day the Monthly Deduction does not exceed the Surrender Value	N/A	\$25	Greater of \$3,240,331.07 and \$443,991.01 x number (or fraction) of elapsed certificate years ending October 25, 2033 ⁽⁴⁾	2010	10/25/10	3/19/10	USBCOI189875
28	97519675	PAUL III	Years 1-5: If Total Cumulative Premium Test is satisfied, Years 6-9: If on any Monthly Calculation Day the Monthly Deductions do not exceed Net Policy Value , Years 9+: If on any Monthly Calculation Day the Monthly Deductions do not exceed the Net Surrender Value	\$7,083.33	\$25	\$1,000,000	2010	11/29/10	3/19/10	USBCOI188840
29	97519674	PAUL III	Years 1-5: If Total Cumulative Premium Test is satisfied, Years 6-9: If on any Monthly Calculation Day the Monthly Deductions do not exceed Net Policy Value , Years 9+: If on any Monthly Calculation Day the Monthly Deductions do not exceed the Net Surrender Value	\$7,083.33	\$25	\$1,000,000	2010	11/29/10	3/19/10	USBCOI188765
30	97519664	PAUL III	Years 1-5: If Total Cumulative Premium Test is satisfied, Years 6-9: If on any Monthly Calculation Day the Monthly Deductions do not exceed Net Policy Value , Years 9+: If on any Monthly Calculation Day the Monthly Deductions do not exceed the Net Surrender Value	\$3,541.67	\$25	\$1,000,000	2010	11/29/10	3/19/10	USBCOI188688
31	97518606	PAUL III	Years 1-5: If Total Cumulative Premium Test is satisfied, Years 6-9: If on any Monthly Calculation Day the Monthly Deductions do not exceed Net Policy Value , Years 9+: If on any Monthly Calculation Day the Monthly Deductions do not exceed the Net Surrender Value	\$15,187.50	\$25	\$1,000,000	2010	7/12/10	3/19/10	USBCOI189101
32	97518600	PAUL III	Years 1-5: If Total Cumulative Premium Test is satisfied, Years 6-9: If on any Monthly Calculation Day the Monthly Deductions do not exceed Net Policy Value , Years 9+: If on any Monthly Calculation Day the Monthly Deductions do not exceed the Net Surrender Value	\$15,187.50	\$25	\$1,000,000	2010	7/12/10	3/19/10	USBCOI189032
33	97519155	PAUL III	Years 1-5: If Total Cumulative Premium Test is satisfied, Years 6-9: If on any Monthly Calculation Day the Monthly Deductions do not exceed Net Policy Value , Years 9+: If on any Monthly Calculation Day the Monthly Deductions do not exceed the Net Surrender Value	\$22,350.00	\$25	\$1,000,000	2010	11/15/10	3/19/10	USBCOI189939

Note:

[1] Information is taken from policy unless otherwise noted.

[2] Date listed is date of effective COI increase as described in letters to policyholders from Phoenix.

[3] Information is taken from letters sent to policyholders from Phoenix prior to the cost of insurance increase.

[4] According to the policy the limit may decrease when monthly charges for any rider or any other monthly charges cease, and may be exceeded if additional premium is needed to prevent policy lapse.

[5] According to the letter to Kaminkas Management from Phoenix on 3/8/2010, policy 97513181 was not subject to a COI increase as this policy has sufficient accumulated policy value to avoid a rate increase (USBCOI000298).

[6] The relevant schedule page for this policy is missing, however, the policy references the total premium limit is shown on the schedule pages* (USBCOI19064).

Exhibit 4A: Universal Life Funds Flow Illustration

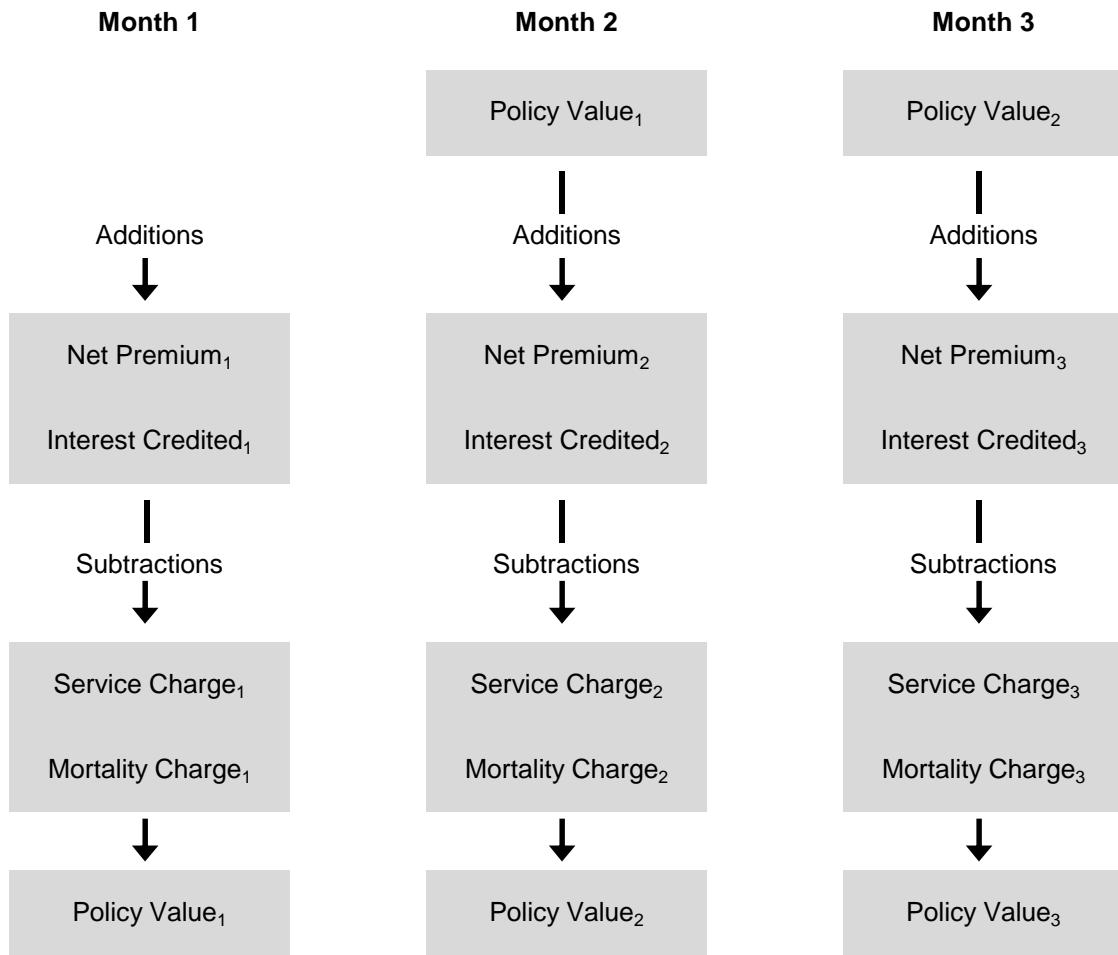


Exhibit 4B: Funds Flow of Hypothetical Policyholder Jane

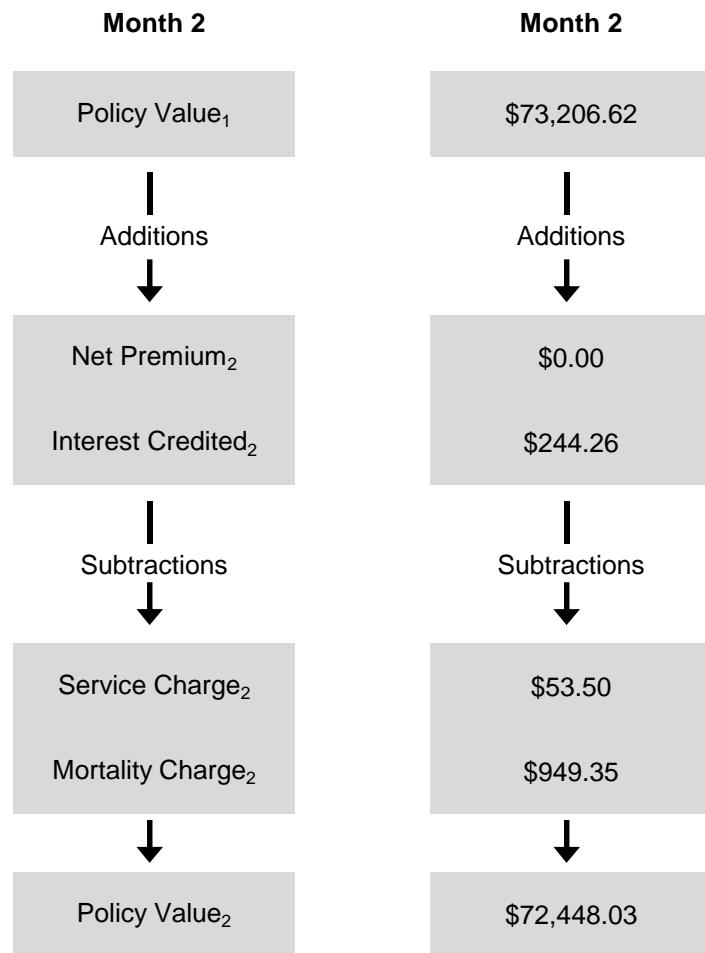
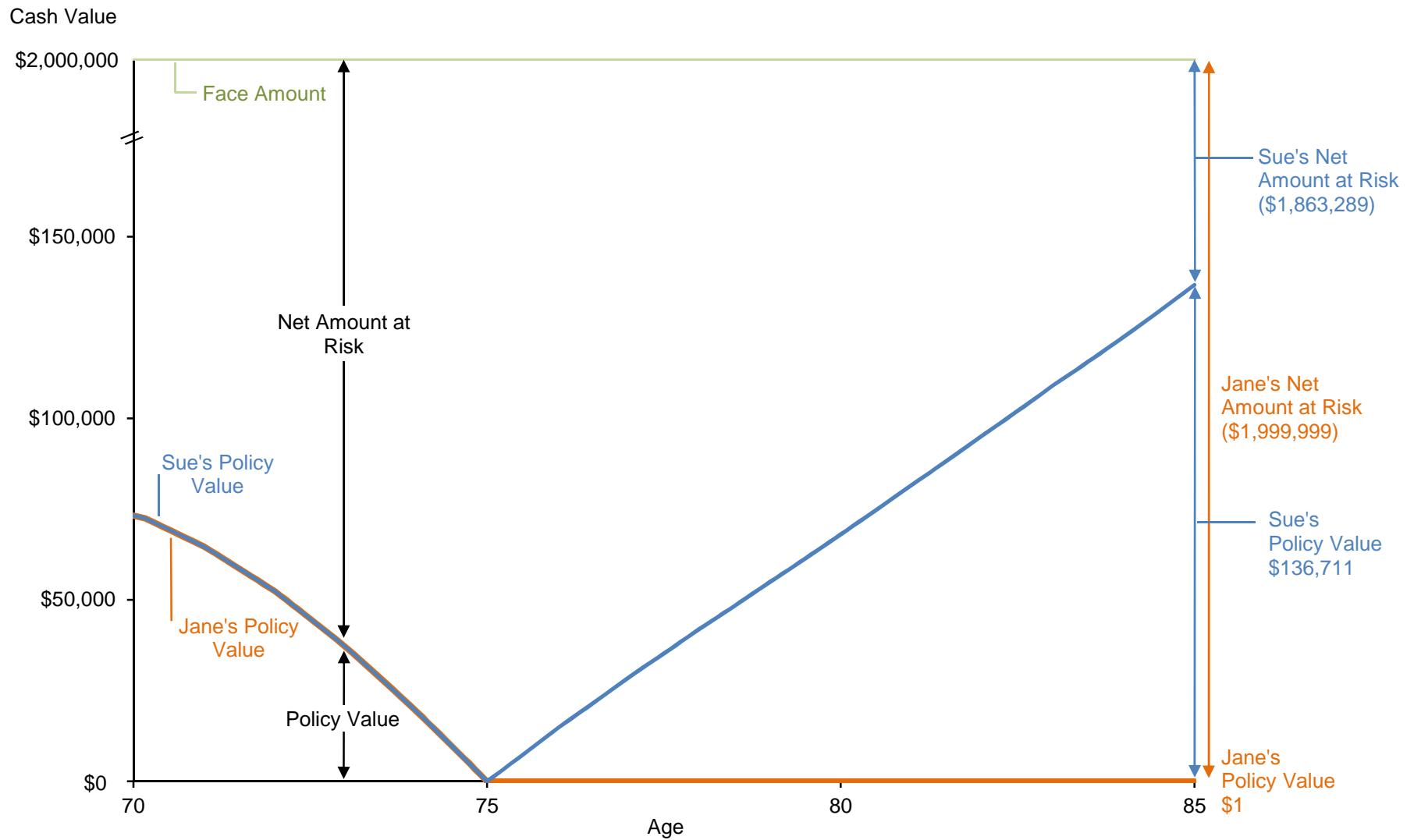


Exhibit 5A: Policy Values for Two Hypothetical Policyholders

Policyholders are Female Preferred Plus



Source: Pre-increase COI Rate Table, Female Preferred Plus (PHL0592354)

Note: Values are for demonstration only. The calculations for this exhibit are based on the definitions and formulas in PAUL II policies (for example, USBCOI001277-332) and the Female Preferred Plus COI Rate Table (PHL0592354). For ease of illustration, this example does not consider certain types of issues, for example, surrender charges.

Exhibit 5B: Policy Values for Two Hypothetical Policyholders

Policyholders are Female Preferred Plus

Jane's Policy Value	Age 70-74	Age 75-79	Age 80-84
Beginning of Period Policy Value	\$0.00	\$1.00	\$1.00
Net Premium	\$74,245.77	\$111,749.88	\$128,917.51
Interest Credited	\$8,149.99	\$0.20	\$0.20
Expense Charge	\$810.00	\$210.00	\$210.00
COI Charge	\$81,584.76	\$111,540.08	\$128,707.70
End of Period Policy Value^[1]	\$1.00	\$1.00	\$1.00

Sue's Policy Value	Age 70-74	Age 75-79	Age 80-84
Beginning of Period Policy Value	\$0.00	\$1.00	\$68,024.72
Net Premium	\$74,245.77	\$171,000.00	\$171,000.00
Interest Credited	\$8,149.99	\$6,722.44	\$19,935.39
Expense Charge	\$810.00	\$210.00	\$210.00
COI Charge	\$81,584.76	\$109,488.72	\$122,038.93
End of Period Policy Value^[1]	\$1.00	\$68,024.72	\$136,711.17

Source: Pre-increase COI Rate Table, Female Preferred Plus (PHL0592354)

Note: Values are for demonstration only, displayed on a five-year aggregated basis. Calculated amounts are credited and debited on a monthly basis. The calculations for this exhibit are based on the definitions and formulas in PAUL II policies (for example, USBCOI001277-332) and the Female Preferred Plus COI Rate Table (PHL0592354). For ease of illustration, this example does not consider certain types of issues, for example, surrender charges.

[1] End of Period Policy Values are equal to Beginning of Period Policy Values for the next year, as shown in Exhibit 5A

Exhibit 6A: Calculation of Policy Value

11/11/08 – 11/11/10

Example Policy 97515342, Female, Preferred Plus, \$2 Million Face Amount

Date	Beginning Value	Premium Payment	Net Premium Paid	Interest Credited ^[1]	Monthly Deductions	Ending Value ^[1]
	[A]		[B]	[C]	[D]	[E] = [A] + [B] + [C] - [D]
11/11/08				27.75		11,753.73
11/12/08	11,725.98	-	-	28.67	3,358.88	8,395.77
12/12/08	8,395.77	-	-	30.43	3,364.51	5,061.69
01/12/09	5,061.69	-	-	18.96	3,370.18	1,710.47
01/22/09	1,710.47	11,927.00	11,330.65	-	-	13,041.12
02/12/09	13,041.12	-	-	35.13	3,356.64	9,719.61
03/12/09	9,719.61	-	-	32.88	3,362.27	6,390.22
04/12/09	6,390.22	-	-	23.94	3,367.92	3,046.24
04/23/09	3,046.24	9,000.00	8,550.00	-	-	11,596.24
05/12/09	11,596.24	-	-	30.65	3,359.09	8,267.80
06/12/09	8,267.80	-	-	30.97	3,364.73	4,934.04
07/12/09	4,934.04	-	-	17.88	3,370.39	1,581.53
07/23/09	1,581.53	10,000.00	9,500.00	-	-	11,081.53
08/12/09	11,081.53	-	-	28.87	3,359.97	7,750.43
09/12/09	7,750.43	-	-	29.03	3,365.61	4,413.85
10/12/09	4,413.85	-	-	16.00	3,371.28	1,058.57
10/22/09	1,058.57	12,000.00	11,400.00	-	-	12,458.57
11/11/09	12,458.57			31.86		12,490.43
11/12/09	12,458.57	-	-	32.88	3,405.93	9,085.52
12/12/09	9,085.52	-	-	32.93	3,411.72	5,706.73
01/12/10	5,706.73	-	-	21.38	3,417.55	2,310.56
01/21/10	2,310.56	9,000.00	8,550.00	-	-	10,860.56
02/12/10	10,860.56	-	-	29.73	3,408.68	7,481.61
03/12/10	7,481.61	-	-	23.93	3,414.49	4,091.05
03/25/10	4,091.05	11,000.00	10,450.00	-	-	14,541.05
04/12/10	14,541.05	-	-	35.96	3,402.35	11,174.66
05/12/10	11,174.66	-	-	38.30	3,408.13	7,804.83
06/12/10	7,804.83	-	-	27.64	3,413.93	4,418.54
07/12/10	4,418.54	-	-	15.14	3,419.77	1,013.91
07/15/10	1,013.91	11,000.00	10,450.00	-	-	11,463.91
08/12/10	11,463.91	-	-	37.01	3,407.63	8,093.29
09/12/10	8,093.29	-	-	28.66	3,413.44	4,708.51
10/12/10	4,708.51	-	-	16.14	3,419.27	1,305.38
10/21/10	1,305.38	13,000.00	12,350.00	-	-	13,655.38
11/11/10	13,655.38			34.57		13,689.95

Sources: Annual summaries of policy 97515342

[1] Amounts shown for 11/11/08, 11/11/09, and 11/11/10 reflect accrued interest. Other amounts are interest credited amounts from annual summaries. Ending values at the end of each policy year reflect interest accrued over the previous policy month that has not yet been credited

Exhibit 6B: Calculation of Monthly Deductions

11/12/08 – 10/12/10

Example Policy 97515342, Female, Preferred Plus, \$2 Million Face Amount

Date	Cost of Insurance	Cost of Additional	Service	Monthly Deductions
	Charge	Riders	Charge	[D] = [A] + [B] - [C]
	[A]	[B]	[C]	
11/12/08	3,355.38	-	3.50	3,358.88
12/12/08	3,361.01	-	3.50	3,364.51
01/12/09	3,366.68	-	3.50	3,370.18
02/12/09	3,353.14	-	3.50	3,356.64
03/12/09	3,358.77	-	3.50	3,362.27
04/12/09	3,364.42	-	3.50	3,367.92
05/12/09	3,355.59	-	3.50	3,359.09
06/12/09	3,361.23	-	3.50	3,364.73
07/12/09	3,366.89	-	3.50	3,370.39
08/12/09	3,356.47	-	3.50	3,359.97
09/12/09	3,362.11	-	3.50	3,365.61
10/12/09	3,367.78	-	3.50	3,371.28
11/12/09	3,402.43	-	3.50	3,405.93
12/12/09	3,408.22	-	3.50	3,411.72
01/12/10	3,414.05	-	3.50	3,417.55
02/12/10	3,405.18	-	3.50	3,408.68
03/12/10	3,410.99	-	3.50	3,414.49
04/12/10	3,398.85	-	3.50	3,402.35
05/12/10	3,404.63	-	3.50	3,408.13
06/12/10	3,410.43	-	3.50	3,413.93
07/12/10	3,416.27	-	3.50	3,419.77
08/12/10	3,404.13	-	3.50	3,407.63
09/12/10	3,409.94	-	3.50	3,413.44
10/12/10	3,415.77	-	3.50	3,419.27

Sources: Annual summaries of policy 97515342

Exhibit 6C: Calculation of Cost of Insurance Charge

11/12/08 – 10/12/10

Example Policy 97515342, Female, Preferred Plus, \$2 Million Face Amount

Date	Cost of Insurance Rate	Death Benefit / Monthly Factor	Ending Policy Value	Net Amount at Risk	Substandard Extra Charge	Cost of Insurance Charge
	[A]	[B]	[C]	[D] = ([B] - [C])	[E]	[F]= ([A] x ([B] - [C])) + [E]
11/12/08	0.0016903	1,993,473.96	8,395.77	1,985,078.19	-	3,355.38
12/12/08	0.0016903	1,993,473.96	5,061.69	1,988,412.27	-	3,361.01
01/12/09	0.0016903	1,993,473.96	1,710.47	1,991,763.49	-	3,366.68
02/12/09	0.0016903	1,993,473.96	9,719.61	1,983,754.35	-	3,353.14
03/12/09	0.0016903	1,993,473.96	6,390.22	1,987,083.74	-	3,358.77
04/12/09	0.0016903	1,993,473.96	3,046.24	1,990,427.72	-	3,364.42
05/12/09	0.0016903	1,993,473.96	8,267.80	1,985,206.16	-	3,355.59
06/12/09	0.0016903	1,993,473.96	4,934.04	1,988,539.92	-	3,361.23
07/12/09	0.0016903	1,993,473.96	1,581.53	1,991,892.43	-	3,366.90
08/12/09	0.0016903	1,993,473.96	7,750.43	1,985,723.53	-	3,356.47
09/12/09	0.0016903	1,993,473.96	4,413.85	1,989,060.11	-	3,362.11
10/12/09	0.0016903	1,993,473.96	1,058.57	1,992,415.39	-	3,367.78
11/12/09	0.0017146	1,993,473.96	9,085.52	1,984,388.44	-	3,402.43
12/12/09	0.0017146	1,993,473.96	5,706.73	1,987,767.23	-	3,408.23
01/12/10	0.0017146	1,993,473.96	2,310.56	1,991,163.40	-	3,414.05
02/12/10	0.0017146	1,993,473.96	7,481.61	1,985,992.35	-	3,405.18
03/12/10	0.0017146	1,993,473.96	4,091.05	1,989,382.91	-	3,411.00
04/12/10	0.0017146	1,993,473.96	11,174.66	1,982,299.30	-	3,398.85
05/12/10	0.0017146	1,993,473.96	7,804.83	1,985,669.13	-	3,404.63
06/12/10	0.0017146	1,993,473.96	4,418.54	1,989,055.42	-	3,410.43
07/12/10	0.0017146	1,993,473.96	1,013.91	1,992,460.05	-	3,416.27
08/12/10	0.0017146	1,993,473.96	8,093.29	1,985,380.67	-	3,404.13
09/12/10	0.0017146	1,993,473.96	4,708.51	1,988,765.45	-	3,409.94
10/12/10	0.0017146	1,993,473.96	1,305.38	1,992,168.58	-	3,415.77

Sources: Policy 97515342; Annual summaries of policy 97515342; PAUL II Pre Increase Rate Table PHL0592354

Exhibit 6D: Calculation of Cost of Insurance Rates

11/12/08 – 10/12/10

Example Policy 97515342, Female, Preferred Plus, \$2 Million Face Amount

Date	Age at Issue	Duration of Policy	COI Table Rate	Banding Factor	Cost of Insurance Rate
			[A]	[B]	[C] = [A] * [B]
11/12/08	75	4	0.0018781	0.90	0.0016903
12/12/08	75	4	0.0018781	0.90	0.0016903
01/12/09	75	4	0.0018781	0.90	0.0016903
02/12/09	75	4	0.0018781	0.90	0.0016903
03/12/09	75	4	0.0018781	0.90	0.0016903
04/12/09	75	4	0.0018781	0.90	0.0016903
05/12/09	75	4	0.0018781	0.90	0.0016903
06/12/09	75	4	0.0018781	0.90	0.0016903
07/12/09	75	4	0.0018781	0.90	0.0016903
08/12/09	75	4	0.0018781	0.90	0.0016903
09/12/09	75	4	0.0018781	0.90	0.0016903
10/12/09	75	4	0.0018781	0.90	0.0016903
11/12/09	75	5	0.0019051	0.90	0.0017146
12/12/09	75	5	0.0019051	0.90	0.0017146
01/12/10	75	5	0.0019051	0.90	0.0017146
02/12/10	75	5	0.0019051	0.90	0.0017146
03/12/10	75	5	0.0019051	0.90	0.0017146
04/12/10	75	5	0.0019051	0.90	0.0017146
05/12/10	75	5	0.0019051	0.90	0.0017146
06/12/10	75	5	0.0019051	0.90	0.0017146
07/12/10	75	5	0.0019051	0.90	0.0017146
08/12/10	75	5	0.0019051	0.90	0.0017146
09/12/10	75	5	0.0019051	0.90	0.0017146
10/12/10	75	5	0.0019051	0.90	0.0017146

Sources: Annual summaries of policy 97515342; PAUL II Pre-Increase Rate Table PHL0592354; 2008 Project X, Product Specifications Version 1 PHL0591573-79

Exhibit 6E: Cost of Insurance Rate Table

Example Policy 97515342, Female, Preferred Plus, \$2 Million Face Amount

Age at Issue	Duration						
	1	2	3	4	5	6	7
68	0.0004518	0.0005683	0.0006564	0.0007094	0.0007286	0.0007223	0.0007702
69	0.0004974	0.0006280	0.0007281	0.0007910	0.0008168	0.0008137	0.0008708
70	0.0005491	0.0006958	0.0008110	0.0008857	0.0009197	0.0009200	0.0009887
71	0.0006814	0.0008340	0.0009540	0.0010317	0.0010667	0.0010630	0.0011395
72	0.0008336	0.0009926	0.0011192	0.0012015	0.0012370	0.0012279	0.0013114
73	0.0010082	0.0011770	0.0013114	0.0013974	0.0014322	0.0014161	0.0015044
74	0.0012096	0.0013888	0.0015322	0.0016217	0.0016547	0.0016284	0.0017193
75	0.0014431	0.0016325	0.0017848	0.0018781	0.0019051	0.0018631	0.0019550
76	0.0016377	0.0018318	0.0019846	0.0020724	0.0020886	0.0020290	0.0021163
77	0.0018405	0.0020372	0.0021863	0.0022650	0.0022669	0.0021862	0.0022675
78	0.0020467	0.0022403	0.0023821	0.0024463	0.0024307	0.0023287	0.0024013
79	0.0022470	0.0024314	0.0025593	0.0026077	0.0025725	0.0024476	0.0025108
80	0.0024283	0.0025986	0.0027098	0.0027377	0.0026820	0.0025345	0.0025880
81	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000
82	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000
83	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000
84	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000
85	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000
86	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000
87	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000
88	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000
89	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000
90	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000

Sources: Policy 97515342; PAUL II Pre-Increase Rate Table PHL0592354

Exhibit 7A: 2010 COI Rate Increase

Example Policy 97515342, Female, Preferred Plus, \$2 Million Face Amount

Before Increase: Table COI Rate \times Banding Factor = COI Rate

age/char	1	2	3	4	5
68	0.0004518	0.000562	0.000654	0.000704	0.000728
69	0.0004618	0.000572	0.000664	0.000714	0.000748
70	0.0004649	0.000585	0.000678	0.000727	0.000768
71	0.0004614	0.000584	0.000674	0.000717	0.000767
72	0.0004624	0.000591	0.000682	0.000733	0.000783
73	0.001082	0.001177	0.001114	0.001374	0.001432
74	0.001120	0.001225	0.001152	0.001374	0.001437
75	0.0014431	0.001632	0.001748	0.001871	0.001951
76	0.0016377	0.0018318	0.0019846	0.0020724	0.0020896

$$0.0019051 \times 0.9 = 0.0017146$$

After Increase: Old COI Rate + Percentage \times (New Table COI Rate - Old COI Rate) = New COI Rate

$$\text{Percentage} = \text{Max} (0, 1 - \frac{\text{Funding Ratio}}{\text{Target Funding Ratio}})$$

age/char	1	2	3	4	5
68	0.0004518	0.000562	0.000654	0.000704	0.000728
69	0.0004618	0.000572	0.000664	0.000714	0.000748
70	0.0004649	0.000585	0.000678	0.000727	0.000768
71	0.0004614	0.000584	0.000674	0.000717	0.000767
72	0.0004624	0.000591	0.000682	0.000733	0.000783
73	0.001082	0.001177	0.001114	0.001374	0.001432
74	0.001120	0.001225	0.001152	0.001374	0.001437
75	0.0014431	0.001632	0.001748	0.001871	0.001951
76	0.0016377	0.0018318	0.0019846	0.0020724	0.0020896

$$0.0016768 + 66\% \times (0.0023773 - 0.0016768) = 0.0021391$$

$$66\% = 1 - \frac{0.68\%}{2.00\%}$$

Funding Ratio, Target Funding ratio and this Percentage determine where the New COI Rate sits between Old COI Rates and New Table COI Rates

age/char	1	2	3	4	5
68	0.0004518	0.000562	0.000654	0.000704	0.000728
69	0.0004618	0.000572	0.000664	0.000714	0.000748
70	0.0004649	0.000585	0.000678	0.000727	0.000768
71	0.0004614	0.000584	0.000674	0.000717	0.000767
72	0.0004624	0.000591	0.000682	0.000733	0.000783
73	0.001082	0.001177	0.001114	0.001374	0.001432
74	0.001120	0.001225	0.001152	0.001374	0.001437
75	0.0014431	0.001632	0.001748	0.001871	0.001951
76	0.0016377	0.0018318	0.0019846	0.0020724	0.0020896

New COI Rate is somewhere in between

age/char	1	2	3	4	5
68	0.0004518	0.000562	0.000654	0.000704	0.000728
69	0.0004618	0.000572	0.000664	0.000714	0.000748
70	0.0004649	0.000585	0.000678	0.000727	0.000768
71	0.0004614	0.000584	0.000674	0.000717	0.000767
72	0.0004624	0.000591	0.000682	0.000733	0.000783
73	0.001082	0.001177	0.001114	0.001374	0.001432
74	0.001120	0.001225	0.001152	0.001374	0.001437
75	0.0014431	0.001632	0.001748	0.001871	0.001951
76	0.0016377	0.0018318	0.0019846	0.0020724	0.0020896

Source: Pre-increase COI Rate tables, Female Preferred Plus (PHL0592354); Attachment 3 to email from Kathleen McGah (Phoenix to Robert Priest (NYID), January 12, 2011 (PHL0000330); 2008 Project X, Product Specifications Version 1, August 26, 2008 (PHL0591573-79); PAUL II Post Increase COI Tables (PHL0760770); PAUL IIc Threshold Percentages (PHL0535884)

Note: Values are for demonstration only.

Exhibit 7B: 2011 COI Rate Increase

Example Policy 97528285, Male Preferred, \$5 Million Face Amount

Before Increase: Table COI Rate x Banding Factor = COI Rate

$$0.0007747 \times 0.9 = 0.0006972$$

After Increase: **Table COI Rate** x **Banding Factor** = **COI Rate**

age/period	1	2	3	4	5
68.0000451	0.0005683	0.0005684	0.0005684	0.0005684	0.0005685
69.0000451	0.0005683	0.0005684	0.0005684	0.0005684	0.0005685
70.0000451	0.0005685	0.0005686	0.0005686	0.0005686	0.0005687
71.0000451	0.0005686	0.0005687	0.0005687	0.0005687	0.0005687
72.0000336	0.0005686	0.0005687	0.0005687	0.0005687	0.0005687
73.0000336	0.0005687	0.0005688	0.0005688	0.0005688	0.0005689
74.0000336	0.0005687	0.0005688	0.0005688	0.0005688	0.0005689
75.0000431	0.0005686	0.0005686	0.0005686	0.0005686	0.0005686

$$0.0010079 \times 0.9 = 0.0009071$$

Source: PAUL IIIA Pre-Increase Rate Table (PHL0699197); PAUL III 2011 Increase MP 2011-08-24_Letter from Gina O'Connell to Dennis Lauzon, Attachment 13 (PHL020930); 2008 Project X, Product Specifications Version 1, August 26, 2008 (PHL0591573-79); O'Connell Deposition June 19th, pp. 298-300.

Note: Values are for demonstration only.

Exhibit 8A: Decrease in Value to Policy Owner

Policy Type and # Number	Decrease in Value (A + B)	Discounted to the Date of the COI Rate Increase at the Risk Free Rate ⁽¹⁾			Discounted to the Date of the COI Rate Increase at the Risk Free Rate plus a Premium ⁽²⁾		
		Portion of Decrease in Value from the Period Prior to 9/16/2013		Portion of Decrease in Value from the Period Subsequent to and Including 9/16/2013	Portion of Decrease in Value from the Period Prior to 9/16/2013		Portion of Decrease in Value from the Period Subsequent to and Including 9/16/2013
		(A)	(B)	(A)	(B)	(A)	(B)
1 PAUL II 97513181	\$247,322.34	\$29,880.57	\$217,441.77	\$182,874.41	\$28,450.43	\$154,423.98	
2 PAUL II 97513947	\$635,887.19	\$139,301.36	\$496,585.83	\$481,196.33	\$134,210.37	\$346,985.96	
3 PAUL II 97514213	\$364,022.03	\$56,839.97	\$307,182.06	\$267,446.36	\$54,634.32	\$212,812.04	
4 PAUL II 97514277	\$256,571.46	\$64,449.28	\$192,122.18	\$196,182.69	\$62,404.43	\$133,778.26	
5 PAUL II 97514279	\$256,571.46	\$64,449.28	\$192,122.18	\$196,182.69	\$62,404.43	\$133,778.26	
6 PAUL II 97515342	\$117,933.01	\$30,070.90	\$87,862.11	\$90,534.73	\$29,086.68	\$61,448.05	
7 PAUL II 97515596	\$159,808.06	\$37,792.50	\$122,015.56	\$122,576.86	\$36,466.94	\$86,109.92	
8 PAUL II 97515597	\$159,808.06	\$37,792.50	\$122,015.56	\$122,576.86	\$36,466.94	\$86,109.92	
9 PAUL II 97515795	\$545,957.72	\$114,100.66	\$431,857.06	\$412,869.37	\$109,805.22	\$303,064.15	
10 PAUL III 97519088	\$315,501.50	\$75,159.43	\$240,342.07	\$247,445.04	\$71,663.66	\$175,781.38	
11 PAUL III 97522375	\$566,582.83	\$30,958.51	\$535,624.31	\$474,921.44	\$30,152.88	\$444,768.56	
12 PAUL III 97528285	\$162,349.94	\$9,503.12	\$152,846.82	\$111,521.82	\$9,130.98	\$102,390.84	
13 PAUL II 97515667	\$259,791.44	\$43,112.02	\$216,679.42	\$193,553.41	\$41,598.10	\$151,955.31	
14 PAUL II 97516379	\$782,034.78	\$196,828.01	\$585,206.77	\$619,530.89	\$189,857.63	\$429,673.26	
15 PAUL II 97516394	\$168,750.93	\$60,300.28	\$108,450.65	\$143,280.24	\$58,089.45	\$85,190.79	
16 PAUL II 97516389	\$324,173.96	\$84,805.27	\$239,368.69	\$260,817.17	\$81,632.96	\$179,184.21	
17 PAUL II 97513963	\$470,854.42	\$97,557.02	\$373,297.40	\$355,078.09	\$93,754.11	\$261,323.98	
18 PAUL II 97513959	\$470,854.42	\$97,557.02	\$373,297.40	\$355,078.09	\$93,754.11	\$261,323.98	
19 PAUL II 97516376	\$1,630,498.35	\$349,726.76	\$1,280,771.59	\$1,261,698.30	\$335,625.32	\$926,072.98	
20 PAUL II 97515745	\$210,290.14	\$44,772.42	\$165,517.72	\$161,062.96	\$43,225.32	\$117,837.64	
21 PAUL II 97515743	\$210,290.14	\$44,772.42	\$165,517.72	\$161,062.96	\$43,225.32	\$117,837.64	
22 PAUL II 97516375	\$681,763.77	\$161,910.21	\$519,853.56	\$540,581.28	\$155,875.47	\$384,705.81	
23 PAUL III 97518647	\$246,059.63	\$70,742.50	\$175,317.13	\$199,674.74	\$67,272.82	\$132,401.92	
24 PAUL III 97519065	\$116,983.44	\$34,822.26	\$82,161.19	\$95,777.62	\$33,124.26	\$62,653.36	
25 PAUL III 97519064	\$246,059.63	\$70,742.50	\$175,317.13	\$199,674.74	\$67,272.82	\$132,401.92	
26 PAUL II 97514311	\$213,681.32	\$37,153.93	\$176,527.39	\$159,120.35	\$35,779.89	\$123,340.46	
27 PAUL II 97535603	\$207,921.60	\$35,253.81	\$172,667.79	\$155,412.23	\$34,029.53	\$121,382.70	
28 PAUL III 97519675	\$169,817.51	\$34,100.11	\$135,717.40	\$128,815.28	\$32,561.58	\$96,253.70	
29 PAUL III 97519674	\$169,817.51	\$34,100.11	\$135,717.40	\$128,815.28	\$32,561.58	\$96,253.70	
30 PAUL III 97519664	\$84,923.18	\$17,049.54	\$67,873.64	\$64,419.16	\$16,280.27	\$48,138.89	
31 PAUL III 97518606	\$114,394.69	\$51,171.15	\$63,223.54	\$96,836.97	\$48,724.84	\$48,112.13	
32 PAUL III 97518600	\$114,394.45	\$51,170.91	\$63,223.54	\$96,836.73	\$48,724.60	\$48,112.13	
33 PAUL III 97519155	\$239,582.66	\$69,317.14	\$170,265.52	\$195,473.97	\$66,070.03	\$129,403.94	

Sources include:

Policies: Annual Summaries; John R. Graham and Campbell R. Harvey, "The Equity Risk Premium in 2010," Duke University, National Bureau of Economic Research, Version August 9, 2010, Table 1; Bloomberg; PAUL II Pre Increase Rate Table (PHL092354); PAUL IIIA Pre Increase Rate Tables (PHL0699197); PAUL IIIB/C Pre Increase Rate Tables (PHL0699198); PAUL III 2010 Pre Increase Rate Tables (PHL0724099); PAUL II 2010 Post Increase COI Tables (PHL0760770); PAUL III 2010 Post COI Increase Rate Tables, attachment 1 to Letter From Joseph Bonfitto to Kathleen Nelligan, 2/22/10 (PHL016459-566); PAUL III 2011 Post COI Increase Rate Tables, attachment 12 to Letter from Gina O'Connell to Dennis Lauzon, 8/24/11 (PHL020892-953); 2008 Project X, Product Specifications Version 1, August 26, 2008 (PHL0591573-79); VBT 2008 mortality tables; Rate Increase letters from Phoenix to policyholders

Note:

Policies 97519088, 97519065 and 97535603 feature a Rider that provides an increasing term insurance benefit. The figures for these policies exclude the effect of the COI rate increase on the total rider insurance amounts or the monthly charges for the riders. For policy 97519065, the annual summary for the period ending October 9, 2010 (the year before the 2010 rate increase was applied to this policy) shows an amount of \$1,209,555 associated with the individual term rider. Both prior and subsequent annual summaries, as well as calculations, support an amount of \$418,445. This analysis uses the amount of \$418,445.

[1] Risk free rate is US Treasury strips obtained from Bloomberg (YCCF0079 Index). The yield curve is built daily with bonds that have either Bloomberg Generic (BGN) prices, supplemental proprietary contributor prices or both. The bonds are subject to option-adjusted spread (OAS) analysis and are plotted for the term to form a yield curve and adjusted to generate a best fit.

[2] Premium is the equity risk premium based on the survey by John R. Graham and Campbell R. Harvey, "The Equity Risk Premium in 2010," Duke University, National Bureau of Economic Research, Version August 9, 2010, Table 1.

Exhibit 8B: Decrease in Value to Policy Owner as of 9/16/13⁽¹⁾

Policy Type and Number	Decrease in Value (A + B)	Discounted to the Date of the COI Rate Increase at the Risk Free Rate ⁽²⁾			Discounted to the Date of the COI Rate Increase at the Risk Free Rate plus a Premium ⁽³⁾		
		Portion of Decrease in Value from the Period Prior to 9/16/2013		Portion of Decrease in Value from the Period Subsequent to 9/16/2013	Portion of Decrease in Value from the Period Prior to 9/16/2013		Portion of Decrease in Value from the Period Subsequent to 9/16/2013
		(A)	(B)		(A)	(B)	
1 PAUL II 97513181	\$321,905.27	\$38,891.41	\$283,013.86		\$238,022.32	\$37,029.99	\$200,992.33
2 PAUL II 97513947	\$816,513.99	\$178,870.58	\$637,643.41		\$617,882.46	\$172,333.47	\$445,548.99
3 PAUL II 97514213	\$464,551.95	\$72,537.15	\$392,014.80		\$341,305.52	\$69,722.38	\$271,583.14
4 PAUL II 97514277	\$327,300.83	\$82,216.10	\$245,084.73		\$250,264.62	\$79,607.53	\$170,657.09
5 PAUL II 97514279	\$327,300.83	\$82,216.10	\$245,084.73		\$250,264.62	\$79,607.53	\$170,657.09
6 PAUL II 97515342	\$148,146.48	\$37,774.82	\$110,371.66		\$113,728.98	\$36,538.45	\$77,190.53
7 PAUL II 97515596	\$199,685.64	\$47,223.02	\$152,462.62		\$153,163.98	\$45,566.69	\$107,597.29
8 PAUL II 97515597	\$199,685.64	\$47,223.02	\$152,462.62		\$153,163.98	\$45,566.69	\$107,597.29
9 PAUL II 97515795	\$685,827.61	\$143,332.31	\$542,495.30		\$518,643.10	\$137,936.41	\$380,706.69
10 PAUL III 97519088	\$397,030.55	\$94,581.45	\$302,449.10		\$311,387.55	\$90,182.33	\$221,205.22
11 PAUL III 97522375	\$633,501.69	\$34,615.01	\$598,886.68		\$531,014.21	\$33,714.22	\$497,299.99
12 PAUL III 97528285	\$185,127.86	\$10,836.42	\$174,291.43		\$127,168.48	\$10,412.07	\$116,756.41
13 PAUL II 97515667	\$320,134.22	\$53,125.82	\$267,008.40		\$238,510.83	\$51,260.25	\$187,250.58
14 PAUL II 97516379	\$968,116.21	\$243,662.29	\$724,453.92		\$766,945.30	\$235,033.34	\$531,911.96
15 PAUL II 97516394	\$208,238.65	\$74,410.54	\$133,828.11		\$176,807.82	\$71,682.38	\$105,125.44
16 PAUL II 97516389	\$400,190.53	\$104,691.52	\$295,499.01		\$321,977.02	\$100,775.32	\$221,201.70
17 PAUL II 97513963	\$604,835.08	\$125,316.67	\$479,518.41		\$456,114.84	\$120,431.65	\$335,683.19
18 PAUL II 97513959	\$604,835.08	\$125,316.67	\$479,518.41		\$456,114.84	\$120,431.65	\$335,683.19
19 PAUL II 97516376	\$2,040,981.89	\$437,771.67	\$1,603,210.22		\$1,579,335.17	\$420,120.14	\$1,159,215.03
20 PAUL II 97515745	\$262,090.65	\$55,801.15	\$206,289.50		\$200,737.41	\$53,872.96	\$146,864.45
21 PAUL II 97515743	\$262,090.65	\$55,801.15	\$206,289.50		\$200,737.41	\$53,872.96	\$146,864.45
22 PAUL II 97516375	\$841,800.81	\$199,916.97	\$641,883.84		\$667,477.19	\$192,465.64	\$475,011.55
23 PAUL III 97518647	\$311,100.27	\$89,441.78	\$221,658.49		\$252,454.52	\$85,054.96	\$167,399.56
24 PAUL III 97519065	\$147,905.53	\$44,026.78	\$103,878.75		\$121,094.40	\$41,879.96	\$79,214.44
25 PAUL III 97519064	\$311,100.27	\$89,441.78	\$221,658.49		\$252,454.52	\$85,054.96	\$167,399.56
26 PAUL II 97514311	\$273,219.38	\$47,506.13	\$225,713.25		\$203,456.08	\$45,749.25	\$157,706.83
27 PAUL II 97535603	\$262,112.24	\$44,442.02	\$217,670.22		\$195,917.34	\$42,898.65	\$153,018.69
28 PAUL III 97519675	\$212,611.53	\$42,693.33	\$169,918.20		\$161,276.73	\$40,767.09	\$120,509.64
29 PAUL III 97519674	\$212,611.53	\$42,693.33	\$169,918.20		\$161,276.73	\$40,767.09	\$120,509.64
30 PAUL III 97519664	\$106,323.82	\$21,346.02	\$84,977.80		\$80,652.79	\$20,382.90	\$60,269.89
31 PAUL III 97518606	\$147,171.12	\$65,832.74	\$81,338.38		\$124,582.75	\$62,685.51	\$61,897.24
32 PAUL III 97518600	\$147,170.81	\$65,832.43	\$81,338.38		\$124,582.44	\$62,685.20	\$61,897.24
33 PAUL III 97519155	\$300,784.55	\$87,024.34	\$213,760.21		\$245,408.20	\$82,947.76	\$162,460.44
Totals	\$13,652,003.16	\$2,986,412.53	\$10,665,590.64		\$10,593,924.16	\$2,869,037.38	\$7,724,886.78

Sources include:

Policies; Annual Summaries; John R. Graham and Campbell R. Harvey, "The Equity Risk Premium in 2010," Duke University, National Bureau of Economic Research, Version August 9, 2010, Table 1; Bloomberg; PAUL II Pre Increase Rate Table (PHL0592354); PAUL IIIA Pre Increase Rate Tables (PHL0699197); PAUL IIIB/C Pre Increase Rate Tables (PHL0699198); PAUL III 2010 Pre Increase Rate Tables (PHL0724099); PAUL II 2010 Post Increase COI Tables (PHL0760770); PAUL III 2010 Post COI Increase Rate Tables, attachment 1 to Letter from Joseph Bonfitti to Kathleen Nelligan, 2/22/10 (PHL016459-566); PAUL III 2011 Post COI Increase Rate Tables, attachment 12 to Letter from Gina O'Connell to Dennis Lauzon, 8/24/11 (PHL020892-953); 2008 Project X, Product Specifications Version 1, August 26, 2008 (PHL0591573-79); VBT 2008 mortality tables; Rate Increase letters from Phoenix to policyholders

Note:

Policies 97519088, 97519065 and 97535603 feature a Rider that provides an increasing term insurance benefit. The figures for these policies exclude the effect of the COI rate increase on the total rider insurance amounts or the monthly charges for the riders. For policy 97519065, the annual summary for the period ending October 9, 2010 (the year before the 2010 rate increase was applied to this policy) shows an amount of \$1,209,555 associated with the individual term rider. Both prior and subsequent annual summaries, as well as calculations, support an amount of \$418,445. This analysis uses the amount of \$418,445.

[1] Brought forward to 9/16/13 using the NY state statutory prejudgment interest rate of 9%.

[2] Risk free rate is US Treasury strips obtained from Bloomberg (YCCF0079 Index). The yield curve is built daily with bonds that have either Bloomberg Generic (BGN) prices, supplemental proprietary contributor prices or both. The bonds are subject to option-adjusted spread (OAS) analysis and are plotted for the term to form a yield curve and adjusted to generate a best fit.

[3] Premium is the equity risk premium based on the survey by John R. Graham and Campbell R. Harvey, "The Equity Risk Premium in 2010," Duke University, National Bureau of Economic Research, Version August 9, 2010, Table 1.

Exhibit 9: Amount of Additional Premiums Paid to Date From the date of the COI Increase to 9/16/13

Policy Type and Number	Excess Premiums Paid	Excess Premiums Paid with 9% Prejudgment Interest as of 9/16/13 ⁽¹⁾
1 PAUL II 97513181	\$26,447.74	\$40,198.89
2 PAUL II 97513947	\$154,953.15	\$189,269.26
3 PAUL II 97514213	\$68,159.99	\$81,358.11
4 PAUL II 97514277	\$57,509.98	\$72,400.80
5 PAUL II 97514279	\$57,509.98	\$72,400.80
6 PAUL II 97515342	\$25,634.90	\$32,143.23
7 PAUL II 97515596	\$27,872.78	\$36,839.09
8 PAUL II 97515597	\$27,872.78	\$36,839.09
9 PAUL II 97515795	\$107,094.50	\$132,825.64
10 PAUL III 97519088	\$77,992.93	\$91,658.81
11 PAUL III 97522375	\$53,822.41	\$57,880.35
12 PAUL III 97528285	\$17,096.03	\$17,698.73
13 PAUL II 97515667	\$41,564.03	\$49,763.59
14 PAUL II 97516379	\$224,750.92	\$261,634.63
15 PAUL II 97516394	\$65,960.02	\$87,776.57
16 PAUL II 97516389	\$91,056.50	\$112,729.18
17 PAUL II 97513963	\$115,481.57	\$136,095.82
18 PAUL II 97513959	\$115,481.57	\$136,095.82
19 PAUL II 97516376	\$414,861.72	\$481,906.15
20 PAUL II 97515745	\$56,920.09	\$67,528.50
21 PAUL II 97515743	\$56,920.09	\$67,528.50
22 PAUL II 97516375	\$166,312.65	\$195,551.37
23 PAUL III 97518647	\$80,233.59	\$97,998.09
24 PAUL III 97519065	\$57,674.47	\$69,551.11
25 PAUL III 97519064	\$80,233.59	\$97,998.09
26 PAUL II 97514311	\$35,940.90	\$47,836.31
27 PAUL II 97535603	\$57,785.41	\$66,075.78
28 PAUL III 97519675	\$46,168.90	\$53,686.13
29 PAUL III 97519674	\$46,168.90	\$53,686.13
30 PAUL III 97519664	\$23,182.10	\$26,959.01
31 PAUL III 97518606	\$44,954.79	\$59,810.41
32 PAUL III 97518600	\$44,997.80	\$59,859.84
33 PAUL III 97519155	\$69,028.12	\$85,585.38
Total		\$3,177,169.23

Sources include:

Policies; Annual Summaries; PAUL II Pre Increase Rate Table (PHL0592354); PAUL IIIA Pre Increase Rate Tables (PHL0699197); PAUL IIIB/C Pre Increase Rate Tables (PHL0699198); PAUL III 2010 Pre Increase Rate Tables (PHL0724099); 2008 Project X, Product Specifications Version 1, August 26, 2008 (PHL0591573-79); Rate Increase letters from Phoenix to policyholders

Note:

These figures can be updated to reflect additional excess premiums paid during the period from September 16, 2013 to the date of trial. For policy 97519065, the annual summary for the period ending October 9, 2010 (the year before the 2010 rate increase was applied to this policy) shows an amount of \$1,209,555 associated with the individual term rider. Both prior and subsequent annual summaries, as well as calculations, support an amount of \$418,445. This analysis uses the amount of \$418,445. When information from the Annual Summaries is unavailable, the interest rate used to calculate the Credited Interest amount of a specific policy is assumed to be the same as that applied to other policies. When information from other policies is unavailable, the interest rate is assumed to be 4%.

[1] The New York state statutory prejudgment interest rate is 9% simple interest.